

Lebanon: A Wider Power Base

Gemayel to Seek Reconciliation to Curb Syrian Influence

By John M. Goshko
Washington Post Service

WASHINGTON — President Amin Gemayel will try to increase his authority by urging Lebanon's rival factions to join a broadly based "national reconciliation cabinet" and by working with Israel to establish a Lebanese civil authority in Israeli-occupied southern Lebanon, U.S. officials and diplomatic sources said.

These moves, which are intended to help shift the balance of power in the divided country away from Syria, were agreed on in talks in Washington last week between Mr. Gemayel and President Ronald Reagan, the sources said Tuesday.

The aim is to win over Syrian-backed Lebanese factions that are

fighting Mr. Gemayel's government. If their links with Syria can be loosened enough to permit government forces into the areas of Lebanon under their control, the next step would be to extend a Lebanese central government presence into southern Lebanon as a prelude to Israeli withdrawal of at least some of its forces.

According to the sources, the Reagan administration regarded this approach as the most important part of its effort to work separately with Mr. Gemayel and Israel to convince Syria that its best hope of winning its objectives in Lebanon rests not in continued military activity but in negotiations for the removal of all foreign forces.

"If the Gemayel government fails, Lebanon fails, and we leave,"

one U.S. official said. "Either it works, or it's curtains for Lebanon."

U.S. air strikes against Syrian installations in Lebanon on Sunday have focused attention on increased military pressure on President Hafez al-Assad of Syria to make him more cooperative.

The purpose, according to U.S. officials, is to demonstrate to Syria that the United States is determined to resolve the Lebanon problem and will not be pressured into removing U.S. Marines from Beirut even if they draw more Syrian-inspired attacks.

But they said, the main hope of breaking the Lebanon impasse rests in the political moves worked out separately last week with Mr. Gemayel and Prime Minister Yitzhak Shamir of Israel.

Specifically, the sources said, the plan calls for Mr. Gemayel to reconvene, before the end of the month, the Geneva talks on power-sharing with his domestic foes and propose a new cabinet that will have 20 to 24 members representing Lebanon's principal Christian, Sunni, Shiite and Druze Moslem factions. Syria has allies among all the groups, which want a greater share of political and economic power.

In exchange, the groups would be expected to allow Mr. Gemayel, whose authority is currently limited largely to the Beirut area, to send the Lebanese Army and civilian officials into those parts of the country, such as the Chouf mountains, that now are controlled by militias fighting each other and the central government.

At the same time, Mr. Gemayel would make it clear to the other factions that the United States had turned down his request to press Israel for unilateral withdrawals without a simultaneous pullout by Syrian and Palestine Liberation Organization forces.

Mr. Gemayel is expected to argue that the best hope of regaining Lebanese control over southern Lebanon depends on cooperation with Israel.

The sources said that Mr. Reagan had relayed to Mr. Gemayel an offer from Mr. Shamir to begin discreet talks on setting up a Lebanese government civil authority with limited administrative powers in the south. These talks would be conducted by the now-dormant trilateral commissions, involving Israel, Lebanon and the United States, that worked on the Israeli-Syrian agreement on an Israeli withdrawal reached last May 17.

According to the sources, the effort is unlikely to begin until after the new year when there is a clearer idea of whether a viable national government encompassing all the main Lebanese factions is working.

Others, Major General Mordechai Hod and Major General Benny Peled.

General Hod said that, "on the purely military level, the American operation cannot be called a success," General Peled said. "The American pilots paid for a lack of experience."

Another retired Israeli officer, Major General Avraham Adan, said he was not surprised that the Americans had lost two planes.

"Their naval air equipment is generally good," he said, "but when it comes to tactics and precise planning, they are not as good as us."

In the briefing, the U.S. admiral defended the tactics of the raid as "classic," the A-6 and A-7 planes as "capable," and the pilots as "the best in the world."

He said the 28 planes from the carriers Independence and Kearsarge had crossed the coast at 20,000 feet (6,070 meters), descended to 10,000 feet for the bombing run, and dived at a 45-degree angle to release their bombs at 3,000 feet.

The sources acknowledged that implementing the plan is likely to encounter stiff opposition from Syria, which can be expected to use its leverage over the opposition forces it has backed.

However, the sources said that both Mr. Gemayel and the United States have received tentative but encouraging signs from the Druze leader, Walid Jumblat, and from Shiite leaders that they want to explore ways of ending the bloodshed.

The sources added that even Syria has hinted privately at more flexibility than is evident in the defiant rhetoric coming from Damascus after the U.S. air strikes.

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The country's other natural asset besides water — its scenery — has enabled tourism to expand to the point where it has become an indispensable feature of the economy. But this appears to be a fragile pr

oject in a country where 90 percent of the people still engage in traditional subsistence agriculture.

Harka Gurung, a Nepalese geographer and former cabinet minister, said that life in Nepal "is still in an early stage of exploitation," where natural vegetation still provides food, fuel and even shelter.

The land appears to have been used virtually to the limit. Scores of terraces march up the sides of Nepal's cultivable hillsides; the ridge-top is also in use.

With people continuing to cut the forests, rich topsoil that should sustain Nepal's crops is washing downstream into the river systems of India, causing devastating floods as the dirt-clogged rivers overflow more easily and more frequently.

The underlying problem, in the view of Mr. Gurung and others, is "not ecological but the low level of economic development." In a de-

scription of the country's potential, Nepal's 16 million people live in a country only 500 miles long and 150 miles wide (800 kilometers by 240 kilometers) and the population is growing by nearly 400,000 a year.

This subject was likely to come up Wednesday in Washington,



Nepal's Huge Hydroelectric Potential May Help It Face Crunch in Resources

By William K. Stevens
New York Times Service

KATMANDU, Nepal — Self-dam has man's impact on the environment been so starkly evident as in Nepal, land of the sunningly scenic Himalayas and little-tapped hydroelectric riches.

There are growing fears that this small kingdom with its fast-growing population is facing an ecological and human disaster. Virtually all land suitable for cultivation has been taken up, and, with the forest cover reduced in a generation from 60 percent of the landscape to 30 percent, there are many ranges of hills standing denuded and brown.

But in its huge potential hydroelectric power capacity, which is believed to be roughly equal to that of the United States and Canada combined, Nepal has the resources not only to surmount its difficulties but also to become a primary energy producer for much of the steadily industrializing Indian subcontinent. Neither Nepal nor India, however, can harness the Himalayan waters without help.

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when King Birendra of Nepal paid a one-day state visit to President Ronald Reagan and officials of the World Bank.

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Firemen carried the remains of a victim from the wreckage of an Iberia Boeing 727 Wednesday after the plane was

involved in a collision with another plane during takeoff in thick fog at Madrid's Barajas airport, killing at least 100.

100 Killed As Planes Collide in Madrid Fog Jet on Takeoff Rams Another Crossing Runway

Compiled by Our Staff From Dispatches

MADRID — Two Spanish jetliners collided in heavy fog Wednesday as they were preparing for takeoff from Madrid's Barajas Airport, killing at least 100 people. The collision involved an Iberia Airlines Boeing 727 on its way to Rome with 84 passengers, including 42 Japanese tourists and 9 crew members, and a DC-9 of Aviaco, a Spanish domestic airline, with 37 passengers and 5 crew aboard, on its way to Santander in northern Spain. Everyone aboard the Aviaco plane was killed.

The accident occurred 10 days after a Colombian Boeing 747 crashed near Madrid, killing 181 of the 192 people aboard.

Carlos Espinosa, the president of both state-owned Spanish airlines, said at a news conference at the airport that at least 23 passengers and 8 crew members on the 727 had survived the crash.

The airport had been closed to incoming traffic early Wednesday because of the fog. A number of flights were diverted to other Spanish airports, but some outgoing traffic was permitted to take off.

Mr. Espinosa said the airport was open to traffic at the time of the crash and an official weather report put visibility at 300 meters, 100 meters more than required. Mr. Espinosa said the Iberia jet was cleared for takeoff and the Aviaco plane had been told to start its takeoff approach. One plane then passed in front of the other, leading to the collision.

An hour after the 9:45 A.M. collision, visibility at the airport was reportedly less than 130 feet (40 meters). The circumstances of the accident were similar to the worst air disaster in history, which also occurred in Spain. On March 27, 1977, 582 people were killed when a KLM 747 crashed on takeoff into a chartered Pan Am 747 at the airport in the Canary Islands.

The Iberia pilot, Carlos López Carrasco, said that because of the thick fog he did not see the DC-9 in his path "until it was too late." He said he tried to accelerate and lift off to avoid the collision.

A survivor said he felt the plane was already in the air when the crash occurred.

"I was reading," Jesús Villar said. "The plane was already about 10 meters off the ground. There was a hell of a crash. The plane came down, and fire broke out almost immediately."

Antonio Rodríguez, an Iberia baggage handler, said: "We all heard the explosions, but no one could find the planes. We ran out toward the noise. A survivor had to lead us to the wrecks."

Failed Summit Raises Doubts Over EC's World Role

By Axel Krause
International Herald Tribune

PARIS — What role can the European Community now play in world affairs?

That question, among others, was being debated — intensely and with some embarrassment — by West European and other allied leaders Wednesday following the failure of the EC to reconcile deep divisions during the three-day summit meeting that ended in Athens on Tuesday.

"We must grasp that a Europe divided and exhausted by renewed nationalism will exert no influence in the world and can become a plaything of foreign interests," Chancellor Helmut Kohl commented to the Parliament in Bonn on Wednesday.

EC leaders, including Mr. Kohl, said that they would immediately begin talks to smooth the way for the next summit in Brussels in

March. They seek to resolve such crucial issues as limiting spending on cultural subsidies.

The implications of the summit failure extend considerably beyond the inability of the 10 leaders to

NEWS ANALYSIS

tackle limitations on soaring farm spending and budgetary reform. Those issues were at the center of the tense and often acrimonious discussions in Athens.

What has been thrown into question, according to summit participants and observers, is the EC's future role in helping shape European policies in the Middle East, in relations with the Soviet Union, and in liberalizing trade among industrialized nations.

The failure of the summit also makes it difficult to envision how the EC will be able to expand its own activities into the field of greater industrial cooperation in

order to compete more effectively against the United States and Japan in the field of advanced technology, or to improve the workings of the European Monetary System.

The U.S. secretary of state, George P. Shultz, said in Bonn on Wednesday that "the fact that the meeting did not produce results satisfactory to community countries doesn't mean all is lost by any means."

For some, however, the losses are still being felt.

The prospects have darkened considerably for Spain and Portugal to become EC members, a subject that summit leaders dealt with in passing only.

"I strongly fear the door does not exist anymore," Prime Minister Mário Soares said in Lisbon.

Meantime, while the Reagan administration was somewhat relieved that the EC was unable to act on proposals to tax or reduce imports into the community of approxi-

mately \$5 billion in U.S. farm products. Discussions of that much-disputed trade issue have only been postponed.

"It is still on the table," a senior U.S. diplomatic official commented.

He said that in the wake of the EC summit failure, trans-Atlantic disputes over farm products will surface in passing, if at all, during a meeting between EC Commission and administration officials, including Mr. Shultz, which is scheduled to be held in Brussels Friday afternoon.

"This is not an easy time for us to look as if we are united," an EC official said. "It is painful right now."

The summit failed for a very fundamental reason: None of the participants was willing to make the kind of compromises needed for an agreement.

There was little apparent political will to make sacrifices that

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Twixt Beauty and Business: French Isle Fights to Keep Tides

By John Vinocur
New York Times Service

MONT-SAINT-MICHEL, France — From the shore, this island looks like a dark pupil in the gray eye of the sea. The tides, soft rises, contract toward the center, and then expand, with a rhythm, a pulse that seems without end.

Gray water, beige water, opalescent water, miles of it, closes around the island, its abbey, its spires, and then, in hours, slices back, draining the bay, filling the sea. The harmonies of movement, color and horizon reach beyond time, but they are jeopardized now.

French engineers say that "man's brutality and clumsiness" has resulted in so much silt淤泥, filling the bay that it has become an insurmountable problem. They acknowledge that the silting cannot be entirely reversed, but the engineers consider the first steps now under way a good start. Yet, these remedies avoid some decisions that would put conservationists into conflict with the tourist business.

The island's 114 residents are heavily dependent on the hundreds of thousands of visitors who come each year.

The land appears to have been used virtually to the limit. Scores of terraces march up the sides of Nepal's cultivable hillsides; the ridge-top is also in use.

With people continuing to cut the forests, rich topsoil that should sustain Nepal's crops is washing downstream into the river systems of India, causing devastating floods as the dirt-clogged rivers overflow more easily and more frequently.

The underlying problem, in the view of Mr. Gurung and others, is "not ecological but the low level of economic development." In a de-

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Nepal's 1

LANGUAGE

Don't Recoil From Resile

By William Safire
WASHINGTON — Regarding its position in Lebanon, asked the foreign minister of Pakistan, Yaqub Khan, "do you think the United States will resile?"

Heads snapped around at the Jockey Club in Washington. "Resile?" "Did you say resile?" I inquired for myself, the others in the room, and generations yet unborn.

"Resile" he repeated, adding graciously, "Perhaps I have misused the word. Is it intransitive?"

I said I thought so and perhaps he should try the verb in an intransitive form in a sentence.

"I hope you will not resile from your ideological position," the foreign minister offered, adding, "which has become if I may say so without offending an old friend, somewhat eschatological."

That last word was an old friend: Eschatology is the branch of theology concerned with ultimates, like heaven and hell, and people in the pugilist dodge are frequently accused of seeing finality in tea leaves.

Diplomacy is the branch of nontheology dealing with ambiguities and ambivalences, and diplomats deride the tendency of pundits to leap to conclusions.

I took a shot at resile: "It's a recent back-formation from resile and means 'to snap back.'"

The consummate diplomat did not derive my guesstimate, murmuring only: "I would have thought it was older than that."

Back to the office and into my Oxford English Dictionary. Yaqub Khan was right: Resile turns out to be an old word, chiefly in Scottish use, from the Latin *resilire*, "to leap back." First recorded use was in 1529, in the state papers of Henry VIII, when King Henry said of his wife that he wished she "wold herafter resile and goo back from that." In the old days, if the queen failed to resile when she was told, she lost her head.

It means "to retreat, draw back," is both transitive and intransitive, and is most often used with *from*: To resile from is to resile from, or back away from, and is a perfect diplomatic term, since so many nations resile from agreements when their interests change.

In 1708, a scientist in Britain's Royal Society used the verb to describe the return of contracted fibers to their original position. That

was applied to all elastic bodies, and the action of snapping back gained the adjective *resilient*. Today, a resilient politician is one who can make a comeback, and the word has a pleasing connotation of toughness; its verb root, however, has a craven meaning, and when I run into the foreign minister again, I will assure him that the United States will not resile from its commitment to Lebanon.

Since it became Reagan administration policy (in National Security Decision Directive 84) to make all future memoirs subject to a security check for as long as the administration official lives, the torrent of leaks from the Reaganauts has become a burden for Washington newshawks and newsmen alike. The leakers figure, if they can't save it for the memoirs, they might as well put out the inside stuff while it's hot.

Here is the latest murmured memo from the National Security Council, in "Suggested Talking Points for the President" on the subject of arms-control talks.

In the START negotiations, goes the memo, presumably on which the president was to base his position in meetings with reporters and diplomats, "we have established four basic conditions (reductions, equality, stability, verifiability), but beyond that we are flexible."

Verifiability? Not since Alfonzo McDonald, the management consultant who unblocked the flow of paper in the Carter White House, called for ways "to improve our specificity" has there been such an exciting new noun regurgitated by the bureaucracy.

The root word is the verb *verify*, from the Latin *verus*, "true." The noun that comes from that is *verification*, a nice mouth-filler of a word that denotes what we must insist we get from the Soviets. The adjective, in the mind of the NSC bureaucrat, came from the noun, which led him to *verifiable*, and then to the noun *verifiability*, two words that do not exist.

The trick is to go back to the verb, *verify*; for the adjective, *verifiable*, and then for a noun *verifiability*. If they can figure that out at the NSC, maybe we can get the START talks started.

New York Times Service

U.K. Businesswomen Seldom Welcome

By Burnaby J. Feder
New York Times Service

LONDON — Marching soldiers, enthusiastic models waving from colorful floats and bands belting out "There's Nothing Like a Dame" led a parade past half a million onlookers last month. The occasion was the City of London's official welcome for its first female lord mayor.

Dame Marc Donaldson's inauguration Nov. 12 ended more than eight centuries of male tenure in the largely ceremonial position, but the event received little attention in British newspapers. Living in a nation whose chief leadership figures are Queen Elizabeth and Prime Minister Margaret Thatcher, Britons did not seem surprised that Lady Donaldson is now lord mayor.

Indeed, many Britons these days appear to feel that there is little to be gained by focusing on the role of women in the nation's economic, social or political affairs. That view starts at the top.

Mrs. Thatcher thinks that it is more significant that she is Britain's first scientist prime minister than that she's the first woman," said Ian Kydd, one of her press spokesman, referring to her work as a research chemist from 1947 to 1951. Thatcher, he added, is not surprised that Lady Donaldson is now lord mayor.

Women here are far from



The Associated Press
Lord Mayor Donaldson in coach with grandchildren.

said: "I really miss the feeling of a strong women's business community. There just aren't enough women here for that."

The City is renowned as a male bastion, but it is not the only business setting where British and American experiences have diverged. The number of female engineering graduates in the United States jumped from less than one-half of 1 percent to almost 10 percent of the total in the 1970s. The British equivalent rose from about 1.5 percent and leveled off at about 4 percent.

There are now many more girls going into the lower level of business than there used to be, but we haven't done as well yet in getting women into the upper rungs," said Baroness Lockwood, who retired this year after being chairman of the Equal Opportunities Commission since it was set up in 1975 to encourage enforcement of equal rights laws. "The process is going to be slower here."

Nevertheless, several dozen women and men interviewed in recent months agreed that British women's prospects at the profes-

sional level had steadily improved in recent years, and many said they felt the change was accelerating.

Women and men express a wide range of views about the extent of discrimination that women face in business. Nicky Joyce, president of the British Association of Women Executives, said she had not run into any problems in the 30 years since she and June Hicks founded a company to organize and staff shows and promotional events.

Others, however, were adamant that British women were rarely promoted unless they proved themselves clearly superior to male competitors and that they were often channeled into career paths in which there were fewer opportunities. In addition, the network of acquaintances formed by British men in private secondary schools and in the universities is cited as a persistent problem for women in their 30s and 40s who are working toward senior management positions. Such relationships are often reinforced at clubs.

"Of the older, well-established clubs, you are talking about 90 percent exclusion of women," said Sarah Edwards, a stockbroker who is putting together a survey for the City Women's Network, a seven-year-old group almost evenly balanced between American and British members.

By all accounts, Britain's economic woes in the last decade have been a major drag on the progress of women in the labor force. Department of Employment figures show that the percentage of women in general management fell to 7 percent last year from 9.7 percent in 1975. Research published by the Equal Opportunities Commission suggests the reason is that women are far more likely to be managers in small companies; the group most damaged by the recession that began in 1979.

Nonetheless, women and manual workers outside the service sector have also been especially hard hit, although male unemployment rates are still, at most, 15 percent, about 50 percent over those for women.

An Equal Opportunities Commission report said, "Women are concentrated in the occupational groups which have declined relatively more than all other occupations in engineering and for which the future is increasingly bleak."

Such projections are disturbing in a nation where divorce rates are climbing, and it is increasingly recognized that employed women stand between hundreds of thousands of families and poverty. Almost 50 percent of British women have or are looking for employment.

The government and most of the voters are ideologically opposed to affirmative action in their favor, but there is a rapidly expanding range of programs intended to break down the educational barriers that get women started on the wrong foot.

"American women are much more conscious of being a role model for girls," said Leah Hertz, a City University of New York lecturer who is working on a comparative study of American and British women who own and manage relatively large businesses. "The English haven't heard of the word visibility."

VIENNA POSTCARD

Boys Choir Under Attack

By Diane Foulds
United Press International

VIENNA — The cover of a recent issue of the weekly Vienna newsmagazine *Wochensprecher* pictured a drawing of a saccharine-sweet boy in sailor suit, their mouths open in song and their eyes piously turned toward heaven. Hovering above them was a baroque cherub picked its nose. "The Vienna Boys Choir," read the headline. "Dirited. KILLED."

Like the Sacher torte and the Lipizzaner performing horses, the Vienna Boys Choir — the *Sängerkinder* — is a Vienna institution. Personalities ranging from the composers Haydn and Schubert to Norbert Steger, the current Austrian vice chancellor, have been members and the group's weekly church appearances and frequent foreign tours draw huge crowds and rave reviews. The boys themselves are regarded by many as paragons of wholesomeness and innocence.

Wochensprecher, apparently intending to shock, hit hard at this cultural icon with allegations of homosexuality and immaturity among the boys who, it said, were pampered and sheltered from a reality many of them eventually had trouble facing.

"The whole city is indignant," the choir's headmaster, Walter Tautsching, said in an interview, his arms crossed tightly in anger. "Everything in the article is a lie, from A to Z."

What the article in Wochensprecher said was that the Vienna Boys Choir was not good for little boys. "Slightly fat, physically unhygienic, plumping up their speech with literary terms, and precocious from the charter of international travels, they hardly come into contact with the female sex," it said. "Most of the pubescent ex-employees face the depressing realization at the age of 14 or 15 at the latest that the most extraordinary part of their lives is already behind them."

The article quoted one former choirboy as calling the choir "a remnant of a long obsolete tradition, made up of clericalism, patriarchy and a cult of the uniform."

It quoted another as saying his eventual homosexuality somehow had something to do with his experiences as a choirboy, although he couldn't specify how.

"That was the first time I had

ever heard of any former choirboy becoming a homosexual," said Tautsching. Furthermore, he said, "the men they quoted were still boys 10 years ago. The whole thing is rubbish."

He noted the flood of indignant letters written to Wochensprecher because of the article and printed in the magazine's two issues later.

"Your article about the Vienna Boys Choir contained only criticism for criticism's sake," wrote one angry Viennese woman. "Your efforts at bashing [the choir's] sensible present-day decadence in its centuries-old history," she said, "is hitting below the belt."

Watching the boys sing in their pure, unself-conscious soprano, it is hard to imagine any tinge of corruption in this 500-year-old institution.

Austrians who came to Vienna from the provinces in September to see Pope John Paul II celebrated vespers were filled with pride and nationalism when the choir began its program of celestial hymns.

The Boys Choir was founded by Emperor Maximilian in 1498 and after the Hapsburg Empire collapsed at the end of World War I, it was reorganized as a private institution under Josef Schnitt, the former court chaplain, who headed it until 1955.

It was he who changed the boys' court uniforms to the sailor suits worn by boys of "good" families in the turn of the century and in 1945 managed to rent from the government the Augarten Palace, in which the boys now live, study and rehearse.

On the grounds of the baroque palace is what amounts to a boarding school where the boys alternately bash each other on the soccer field and study a Vivaldi mass.

The Boys Choir, with — despite Wochensprecher — a pristine image, is the type of institution that always seems a bit unreal.

Norbert Steger, the vice chancellor and former choir member who has been involved in recent political controversy, has taken his share of ribbing for his boyhood voice. "Steger has been an A-student and a Vienna choirboy," said a recent political satire. "But he hasn't yet been a Lipizzaner. That's still to come. He's practicing right now — walking in circles."

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Space Shuttle Test Casts Doubt on Nobel Theory

Experiment on Inner Ear Phenomenon Shakes 77-Year-Old Medical Technique

By John Noble Wilford

New York Times Service
HOUSTON — A Nobel Prize-winning theory about the physiology of the inner ear has been shaken in a test conducted by scientists aboard the space shuttle Columbia.

Tuesday's finding was an early product of a mission that is expected to provide significant advances in astronomy, solar physics, atmospheric studies, biology and materials processing. The inner ear study was a sidelight to research into the broader issue of the human body's adaptation to space.

The discovery, which came literally in the flickering of a crew member's eye, was made as the Columbia, carrying the Spacelab research facility, was in its eighth day of flight.

When warm air and cool air were injected into the ears of Dr. Ulrich Merbold, one of the Spacelab crewmen on the Columbia, his eyes invariably flicked in the direction of the source of the changed temperature. They should not have done so in space, if the theory that explains why a standard ear-probe test was correct.

In announcing the discovery, mission officials also said that they



Dr. Rudolf von Baumgartner of West Germany speaking about the results of a medical test aboard the space shuttle.

still planned to let the astronauts and scientists remain in orbit an extra day, with the landing at Edwards Air Force Base in California set for Thursday morning.

The theory that is now being disputed was the basic explanation for the effectiveness of a common clinical test, called the Caloric test, used in diagnosing the dizziness caused by a malfunctioning inner ear.

In the test, a doctor applies warm water to one ear and then cool water to the other ear and observes resulting eye movements that indicate the inner ear's response. Persons with the malfunction tend not to respond.

Dr. Rudolf von Baumgartner, the principal investigator for one of the Spacelab experiments, said that the theory about the response, known as the Barany effect, held that the thermal stimulus created convective currents in the fluid of the inner ear's semicircular canal.

These currents were believed to make the body think it was moving in one direction or another, thus causing the ear's balance-controlling vestibular organs to react accordingly. If they did not, doctors took this as a sign that defects in

the organs are probably responsible for the bout of dizziness.

The theory was correct in that the weightlessness of space there should be no thermal convection; hence no such convective currents in the semicircular canal.

Robert Barany of Sweden developed the hypothesis in 1906 and was rewarded with the Nobel Prize in medicine and physiology in 1914. The theory had been widely accepted ever since.

Dr. Baumgartner emphasized that his findings did not question the effectiveness of these clinical tests, only the explanation of why they work.

His experiment was one of many being performed on this mission to study the human body's response to weightlessness, particularly problems with motion sickness attributed to temporary disorientation of the balance-keeping mechanisms.

Mr. Daru said America's hopes of regaining property in Tehran were useless because while the U.S. acknowledges Iranian ownership of the embassy here Ayatollah Khomeini refuses to recognize U.S. ownership there.

"The Americans are helpless,"

Mr. Daru said. "They don't know what to do. It is the same as during the hostage situation."

He said he opposed selling the Iranian items at auction.

"It should all be kept in place, so

when there is a rightful government chosen by the Iranian people, we would get this stuff back," he said.

The anti-Khomeini Iranian foundation has sought to rent the former embassy but was refused,

Mr. Daru said. State Department officials said they have not yet

made a policy decision about what kinds of groups will be considered as renters.

"Our hope would be that if relations were restored with these countries, we would have them in reasonable repair" and could eventually return the buildings, said James Nolan, director of the State Department office of foreign missions.

U.S. officials believe another

Shiite faction was involved in the

Oct. 23 bombing of U.S. Marine

headquarters in Beirut.

But in Iran's case, such a strategy is futile, said Farzadi Daru, a

member of the Iran Freedom

Foundation, a group opposed to

the Iranian leader, Ayatollah Ru-

hollah Khomeini.

Iranian Embassy Finery Being Auctioned in U.S.

By Peter Perl

Washington Post Service

WASHINGTON — The stunning silk and wool Persian rugs, the Rosenthal china, and the gilded crystal that once dazzled visitors at the Iranian Embassy's lavish parties now await disposal in a converted print shop behind the downtown FBI headquarters here.

These and thousands of other items, including Queen Anne chairs and fine silverware, all bearing the distinctive crest of the late shah of Iran, will be auctioned this weekend as part of a State Department effort to raise money to restore and rent out the abandoned, damaged embassy properties of Iran, Cambodia and Vietnam.

Last weekend a public showing of the Iranian items drew 2,700 people, according to William Wechsler, president of Wechsler's

auctioneers, which is handling the sale.

"We did not mention the shah's family crest because you may scare up hostile interest," Mr. Wechsler said. "We are not pushing this."

The auction is expected to generate more than \$250,000. It will feature rugs valued at close to \$10,000, art objects like a 19th-century Japanese bronze temple urn worth \$4,000 and hundreds of items embossed with the shah's crest, a golden lion holding a dagger with a crown suspended above the lion's head.

An auction of Cambodian possessions at Wechsler's grossed about \$60,000 in September. A sale of Vietnamese items will be held in March.

The sales, made possible by the 1982 Foreign Missions Act that gave the State Department custody

over such foreign-owned embassy properties, is part of a sometimes ticklish diplomatic process involving nations with whom the United States has broken relations.

The State Department last summer took over the three embassies, which have fallen into disrepair after years of neglect and damage from broken water pipes.

The 1982 law gave the State Department authority to sell off the properties, but officials chose to rent them, a move that some observers believe will give the government a bargaining chip to negotiate the return of U.S. properties in the three countries.

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headquarters in Beirut.

On Saturday, trucks parked at White House entrances to block possible intruders were replaced by three-foot-high (less than one meter) concrete barriers. Eventually, permanent barriers are to replace all the trucks placed strategically around the White House grounds, the Secret Service said.

About 20 vehicles — most of them empty government vans and automobiles — remain parked outside the State Department.

In addition to these precautions, the Federal Protective Service, which guards most government buildings, issued a "gray alert" after the bombing of the U.S. Capitol on Nov. 7, instructing its personnel to be extra vigilant when checking suspicious packages or people.

The embassy was closed when the Carter administration broke diplomatic relations with Iran in April 1980.

Source Reports Shiite Threats in U.S.

By Ronald Kessler

Washington Post Service

WASHINGTON — The threats that prompted extra security precautions at the White House and State Department two weeks ago purportedly came from Shiite Moslems and included an explicit threat against the White House, according to informed sources.

The Manassas, Virginia, police department received the first threat directed at the State Department in the form of an anonymous letter warning that Shites planned to ram the building with a truck laden with explosives on Thanksgiving Day, Nov. 24, the sources said.

Separately, the Secret Service obtained information, possibly from foreign sources, that the Shites planned to blow up at Tehran's Evin prison Nov. 9-12 and on Dec. 2.

The Mujahidin said the prisoners were executed by firing squad and their bodies taken to Behesht-Zahr cemetery where they were buried in a mass grave.

Neither the extra security at the

State Department nor at the White House had been attributed previously to threats by any particular group or individuals.

The Secret Service has declined to confirm or deny that there was any threat directed specifically at the White House. Jack Smith, a Secret Service spokesman, reiterated that position Tuesday.

"The only thing we'll say is that barriers are there for security reasons," Mr. Smith said. "We won't discuss intelligence information we have. ... It's not in our interests to do so."

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214 Reported Executed in Tehran Within Month

The Associated Press

PARIS — An Iranian exile group alleged Wednesday that the regime of the Ayatollah Ruhollah Khomeini has executed at least 214 political prisoners within the last month.

The Paris office of the Mujahidin, an Islamic-Marxist group

fighting to overthrow the Tehran government, said the executions were carried out at Tehran's Evin prison Nov. 9-12 and on Dec. 2.

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NATO Aides Ask Soviet to Resume Talks

Compiled by Our Staff From Dispatches

BRUSSELS — NATO defense ministers urged the Soviet Union on Wednesday to resume negotiations with the United States on limiting medium-range nuclear missiles in Europe.

In a communiqué at the end of a two-day meeting here, the ministers said that the talks on medium-range missiles should "resume as soon as possible to achieve an agreement on equal global limits on U.S. and Soviet missile warheads at reduced levels, preferably zero for both sides."

The U.S. defense secretary, Caspar W. Weinberger, assured the other ministers that the United States was ready to hold arms control talks with the Soviet Union "any table anywhere in the world."

But he added that he saw no advantage to merging the strategic arms reduction talks on long-range nuclear missiles with the talks on medium-range missiles. The Russians walked out of the medium-range missile talks Nov. 23 and are expected to indicate Thursday whether they intend to continue in the START negotiations.

The question of merging the two sets of talks arose earlier in the Brussels session, and Joseph Luns, secretary-general of the North Atlantic Treaty Organization, said a consensus arose that a merger "was not a very good idea."

Mr. Weinberger, while arguing

against a merger, added that "we stand ready to negotiate fully at any table in Europe or at any table anywhere in the world that can produce the results set forth" in the ministers' final communiqué.

The ministers also urged alliance members to increase military spending by the agreed target figure of 3 percent a year; most of them are below that level.

And the Dutch defense minister, Job de Ruiter, said that the Netherlands and West Germany were urged by other ministers to try to reduce the influence of peace movements in their countries by making it clear that NATO is itself an alliance for peace.

Before the NATO meeting began Tuesday, the United States and West Germany signed a cooperative accord for the air defense of Central Europe, under which West German armed forces would man conventional missile systems that defend U.S. bases in Germany. Mr. Weinberger said the agreement would reduce NATO's reliance on a nuclear air defense.

The \$3-billion agreement calls for the United States to sell West Germany 12 Patriot anti-aircraft missile units, along with two extra units for training and logistical use.

U.S. officials, citing congressional pressure to reduce overseas forces, said the manning of the missile systems with West Germans would reduce U.S. troop strength in Europe by more than 2,000.

"When this agreement is fully in place there will be no NATO nuclear air defense," Mr. Weinberger said, "and that is fully in line with the reduction of nuclear warheads" by NATO.

In Bonn, U.S. Secretary of State George P. Shultz, after conferring with West German leaders, said there was no question of lifting U.S. economic sanctions against Poland despite a recent appeal by Lech Walesa, leader of the banned trade union Solidarity.

Foreign Minister Hans-Dietrich Genscher of West Germany, appearing with Mr. Shultz at a press

conference, said, "It has always been the Western position to answer positive moves by the Polish government with a positive response."

Mr. Shultz, who later left for the NATO meeting, said again that he would be "more than ready" to meet with the Soviet foreign minister, Andrii A. Gromyko, at the 35-nation conference on disarmament in Europe next month in Stockholm if Mr. Gromyko were so inclined.

While in Bonn, Mr. Shultz also met with Chancellor Helmut Kohl. (UPI, Reuters, WP)

Bad Intelligence Blamed For U.S. Losses in Raids

(Continued from Page 1)

questions that "the New Jersey has the capability to attack" targets" from 18 to 20 miles (29 to 32 kilometers) at sea. He said a forward air controller or a spotter on the ground could have directed fire.

The admiral said the decision for an air strike had been made by the commander on the scene. Rear Admiral Jerry O. Turtle, commander of Carrier Group Two in the Mediterranean. Admiral Turtle is an aviator, according to navy records.

While a navy spokesman said no lessons had been drawn yet from the losses, other defense analysts were less reticent.

"The test that the navy underwent and failed was not by any means demanding," said Edward Luttwak, a senior fellow at Georgetown University's Center for Strategic and International Studies.

He said there was no "complete air defense system in Lebanon," and added: "Imagine how vulnerable the A-6s and A-7s would be if they flew into a real system." He said "they're very slow aircraft, which means they cannot make a quick getaway."

Retired Rear Admiral Mark Hill, now with the Association of Naval Aviation, said: "We haven't been actively engaged in combat and there are probably quite a few pilots in the fleet who don't have experience from Vietnam."

He added: "If anyone says that our pilots are not getting enough time in the air to be proficient, you can lay it right at the feet of the United States Congress."

There was concern that the subsonic A-6E and A-7, with a maximum speed of less than 700 miles (1,100 kilometers) per hour, were at unacceptable risk when flying into a barrage of supersonic surface-to-air missiles. The navy said that at least 40 Soviet-made SAM-7s and SAM-9s were fired at the planes Sunday, in addition to heavy anti-aircraft artillery fire.

The 28 A-7 Corsairs and A-6E Intruders apparently knocked out an ammunition dump, a radar antenna dish, and a SAM-9 missile battery at three sites, a Defense Department spokesman said.

"Our aircraft covered the assigned targets to the effect that whatever was in each of the areas

■ Officials, Analysts Differ

Rick Atkinson of *The Washington Post* reported from Washington:

Pentagon officials have said that Sunday's raid was "very successful and achieved our objectives."

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The energy crisis has made the lowering of automobile fuel consumption a major objective. One of the first steps is to reduce an automobile's weight. That's why Rhône-Poulenc has developed high performance materials lighter in weight, but robust in performance.

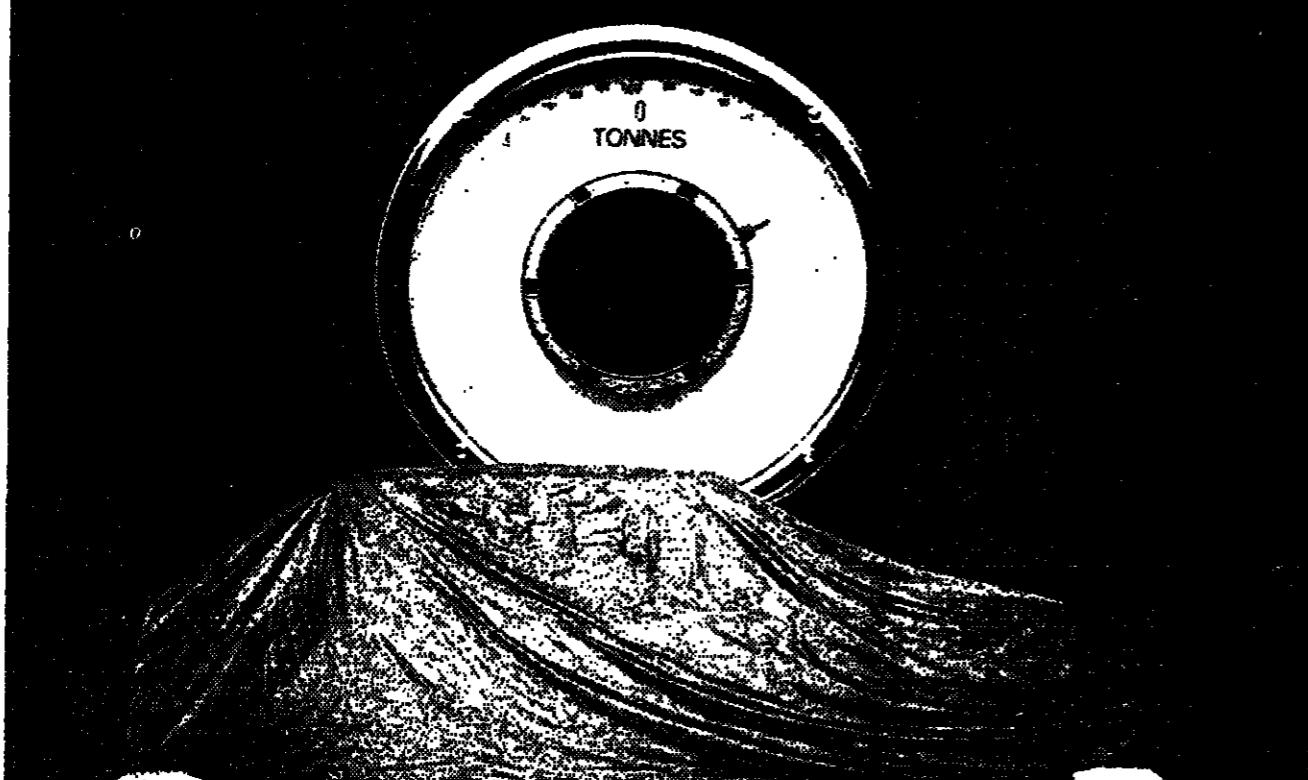
One of these materials, Technyl polyimides, is currently employed by Renault, Peugeot S.A., and other automobile makers in radiators, gear box caps, and other parts of the automobile.

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Chemical research in high performance polymers is only one of Rhône-Poulenc's many activities. In more than 90 countries, Rhône-Poulenc is finding today the answers to tomorrow's needs: not only in energy saving, but in medicine, crop protection and communications systems



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Rhône-Poulenc helps make automobiles lose their appetite by making them lose weight.

By developing lightweight, high performance materials (polyimides and polyamides).

Rhône-Poulenc helps the automotive industry reduce energy needs.



Foreign Minister Hans-Dietrich Genscher of West Germany, left, smiles while listening to his U.S. counterpart, George P. Shultz, at a Bonn press conference Wednesday.

WORLD BRIEFS

Colombian Kidnappers Free Betancur

BOGOTÁ (AP) — Kidnappers on Wednesday released Jaime Betancur, the brother of President Belisario Betancur, Colombia's president. Mr. Betancur, 53, appeared to be in good health after his 15-day ordeal.

"Honestly, I never thought that they would decide in the end to let me go," he said. Mr. Betancur, who was kidnapped Nov. 22, said he thought he was going to be killed.

A few hours before his release, Colombian reporters were taken by the kidnappers to where Mr. Betancur was being held. Mr. Betancur was released in front of a house in a middle-class neighborhood early Wednesday. The kidnappers took him and one of the reporters then in a taxi.

West Germany Bans Neo-Nazi Party

BONN (AP) — Interior Minister Friedrich Zimmermann banned West Germany's largest neo-Nazi party Wednesday, saying that "right-wing extremist actions can no longer be passively accepted."

The ban against the 270-member "Action From National Socialists-National Activists" would take effect immediately, Mr. Zimmermann said in a statement. The party, which was founded in 1977, last made headlines Nov. 6 when police detained 35 people who had gathered in the back room of a Munich inn.

They were among 85 who had planned to march through Munich's streets to commemorate "Crystal Night," Nov. 9, 1938, when Nazi storm troopers smashed the windows of Jewish homes and shops and set fire to synagogues throughout the country.

Warsaw Pact Ends Meeting in Sofia

VIENNA (Reuters) — Warsaw Pact defense ministers Wednesday ended a three-day session in Sofia where they were believed to have discussed the Soviet bloc's military response to deployment of new U.S. nuclear weapons in Western Europe.

The Czechoslovak press agency CTK reported in a communiqué from Sofia that the meeting concentrated on the joint activities of the armies of the seven-state Warsaw Pact alliance and "adopted appropriate resolutions."

It said that the meeting was "of a working nature and was held in an atmosphere of friendship and mutual understanding." The agency gave no further details.

Managua Accuses Honduras of Attack

MANAGUA — A Nicaraguan fisherman was killed when his vessel was attacked by Honduran boats and planes Monday, the Sandinista government said. It said the attack occurred a day after Honduras and Nicaragua patrol boats exchanged gunfire in the Gulf of Fonseca.

The government released the text of a protest letter in which it called the incidents "acts of flagrant aggression and violation of national sovereignty." It said they were evidence of "the absolute lack of desire for peace on the part of the government of Honduras."

In a separate statement, the Sandinistas also said they had learned of a covert plan in which anti-government rebels based near the border with Costa Rica were plotting to attack a Costa Rican police station and make their raid appear to be the work of Sandinist troops. The statement said Nicaragua was issuing the warning to "preserve the bonds of friendship and neighborliness which have always united the peoples of Nicaragua and Costa Rica."

Nepal Studies Water Power

(Continued from Page 1)

At his news conference in Athens on Tuesday, Mr. Mitterrand pledged to work for solutions and to concentrate on a "few issues" at the June summit. He did not say what those issues might be.

"Until we know more about how the community gets its act together," the U.S. diplomatic official said, "they will be speaking as individual nations, and not as a united community, but our hope is that eventually they will do so."

In the view of many of those attending the summit, the summit leaders' deliberations appeared to be directed largely at reassuring their constituencies back home, particularly the powerful farm lobby.

"None of the leaders wanted to appear looking weak in front of the folks back home," a diplomatic observer said.

The prospects for the slowly emerging efforts to restore direction and leadership to the community now rest largely with President François Mitterrand of France, who assumes the rotating EC Council presidency on Jan. 1.

The EC Commission and the European Parliament also have said they planned to play a role in providing what Gaston Thorn, president of the EC Commission, described as "keeping the reins in hand to avoid all skidding" in community affairs.

However, it is not clear how Mr. Mitterrand and other leaders can resolve the EC's problems, particularly the pressing question of finding the means to finance the community budget; within several months EC resources will be exhausted. There was speculation in Athens that the French leader had deliberately blocked agreements in order to resolve the crucial issues at a summit meeting he will host in France next June.

For the Record

A hand grenade thrown at an Israeli Army patrol failed to explode Wednesday in the West Bank town of Nablus. The army imposed a curfew. (AP)

Mont-Saint-Michel Fights To Bring Back the Tides

(Continued from Page 1)

ilious fog banks, mist so thick as to swallow up the imagination forever. The tides have remained the strongest in continental Europe, Guidebooks that warn about wandering off on the sands at low tide, and yet tell visitors that the tinker salesmen and oyster dispensers here are no modern deformation; their predecessors were on the island with amulets and sweetmeats during the Hundred Years' War.

When the causeway was built in 1877, the Administration of Fine Arts opposed the project, but it went ahead anyway. Thirty years later, the national Public Works Council decided to remove the causeway, but local resistance blocked the plan.

Over the years, a breakwater was built into the bay at Roche-Terné to protect farms, and the Couesnon was dammed to reclaim grazing land. In the language of state functionaries writing an emergency report, the engineers evaluating the condition of Mont-Saint-Michel in 1976 noted that "the site is one where numerous and occasionally contradictory interests run together."

Most of their studies were based on models of Saint-Michel Bay that simulated tides, winds and river action. A tide bringing in 100 million cubic meters of water was found to carry 100 tons of sediment, 2 or 3 percent of which stayed behind.

"The filling-in process, a geological phenomenon, will not be halted by the tides man is considering undertaking today," the study group wrote. "But this consideration should not be an obstacle to a decision to change the course of events for a hundred or so years."

The first project, started in July, involves removing the Roche-Terné breakwater over the next two years at a cost of about \$2 million so that the Seine and Sèvre Rivers can fully wash the bay.

When additional money is found, the mouth of the Couesnon and its dam are to be modified so that the river may exert a stronger flushing action. A third step would involve the construction of two reservoir-like basins that would serve to increase erosion and augment the flow of water. The study group estimated that these projects would allow 6 out of 10 tides to reach the island.

Getting rid of the automobile dike, the engineers have said, would permit 3 tides out of 10 to reach Mont-Saint-Michel. But that, the study group added caustically, "does not satisfy all the interests involved."

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مكتبة من الأصل

U.S. Is Reassured by Italy Its Troops Will Stay in 4-Nation Lebanon Force

By Bernard Gwertzman
New York Times Service

BRUSSELS — Foreign Minister Giulio Andreotti of Italy conveyed to U.S. Secretary of State George P. Shultz on Wednesday his government's willingness to remain in the four-nation peacekeeping force in Lebanon.

Mr. Shultz was opening a campaign here to build up allied backing for the new U.S. tactics in Lebanon, U.S. officials said. They said that Mr. Shultz would hold a long session Thursday morning with Mr. Andreotti, Sir Geoffrey Howe, the British foreign secretary, and Claude Cheysson, the French minister of external relations, for a thorough review of the Lebanese situation.

But the reaffirmation from Italy that it would keep its contingent of 2,000 men in the force of 6,000, together with positive informal signs of the same intention from the others have been welcomed by Mr. Shultz, an aide said.

Mr. Shultz left Washington on Tuesday aware of concern in some capitals over the U.S. air strikes against Syrian positions in Lebanon. But his aide said that Mr. Shultz was "impressed" by the determination to remain in Lebanon that was shown in Brussels.

He is telling not only the countries with troops in the multinational force, but the other NATO foreign ministers here for the annual

U.S. winter meeting that the United States is convinced that the best approach to follow in Lebanon is the two-track formula worked out in Washington last week with Israeli and Lebanese leaders, his aides said.

The first approach is to keep up pressure on President Amin Gemayel of Lebanon to take political and military steps that will increase his standing in Lebanon and abroad. These include, they said, widening the base of his government to include Shiite and Druze opposition leaders and the expansion of the area of the country controlled by the Lebanese Army. The second is to maintain firmness in the face of Syrian efforts to intimidate pro-government supporters.

This includes firing back at the Syrians as the United States did Sunday, the aides said. Despite criticism of the United States in some European capitals, American officials insisted that Mr. Shultz has been given backing in Brussels for this approach.

"I think that the situation in Lebanon is one that we certainly intend to push on very hard," Mr. Shultz told reporters on his way to Belgium. "There is the potential for movement on national reconciliation. We in our discussions last week, especially with President Gemayel, identified quite a number of concrete things we think will be helpful, that we want to work with him on and I believe that the attitude of the Israelis is very positive

and push on them as hard as we toward trying to see the Lebanon situation come together in a more constructive way."

Mr. Shultz said that "while to a certain extent the turmoil in the situation is distressing, there are some other things in the wind, and we want to take advantage of them

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SICK BAY VISITOR — Commander Edward T. Andrews, a U.S. Navy pilot, chatted Wednesday with Loretta Lynn, the singer, in the sick bay of the carrier USS Independence off Lebanon. Commander Edwards sustained minor injuries when he ejected from his A-7 Corsair in a bombing raid Sunday on Syrian anti-aircraft positions.

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Plan for PLO Pullout From Tripoli in Motion

DAMASCUS — A two-week countdown to the withdrawal of Yasser Arafat and his Palestinian fighters from Tripoli, Lebanon, began Wednesday, former Prime Minister Rashid Karim of Lebanon said.

The withdrawal period was set in a Saudi-Syrian peace package reached Nov. 25, which is aimed at ending fighting between rebels and fighters loyal to Mr. Arafat, head of the Palestine Liberation Organization.

Final details were left to be worked out by Mr. Karim and a committee of Tripoli's factional leaders.

Mr. Karim said he had notified Mr. Arafat and rebel leaders of final arrangements for the withdrawal "from Tripoli and its environs."

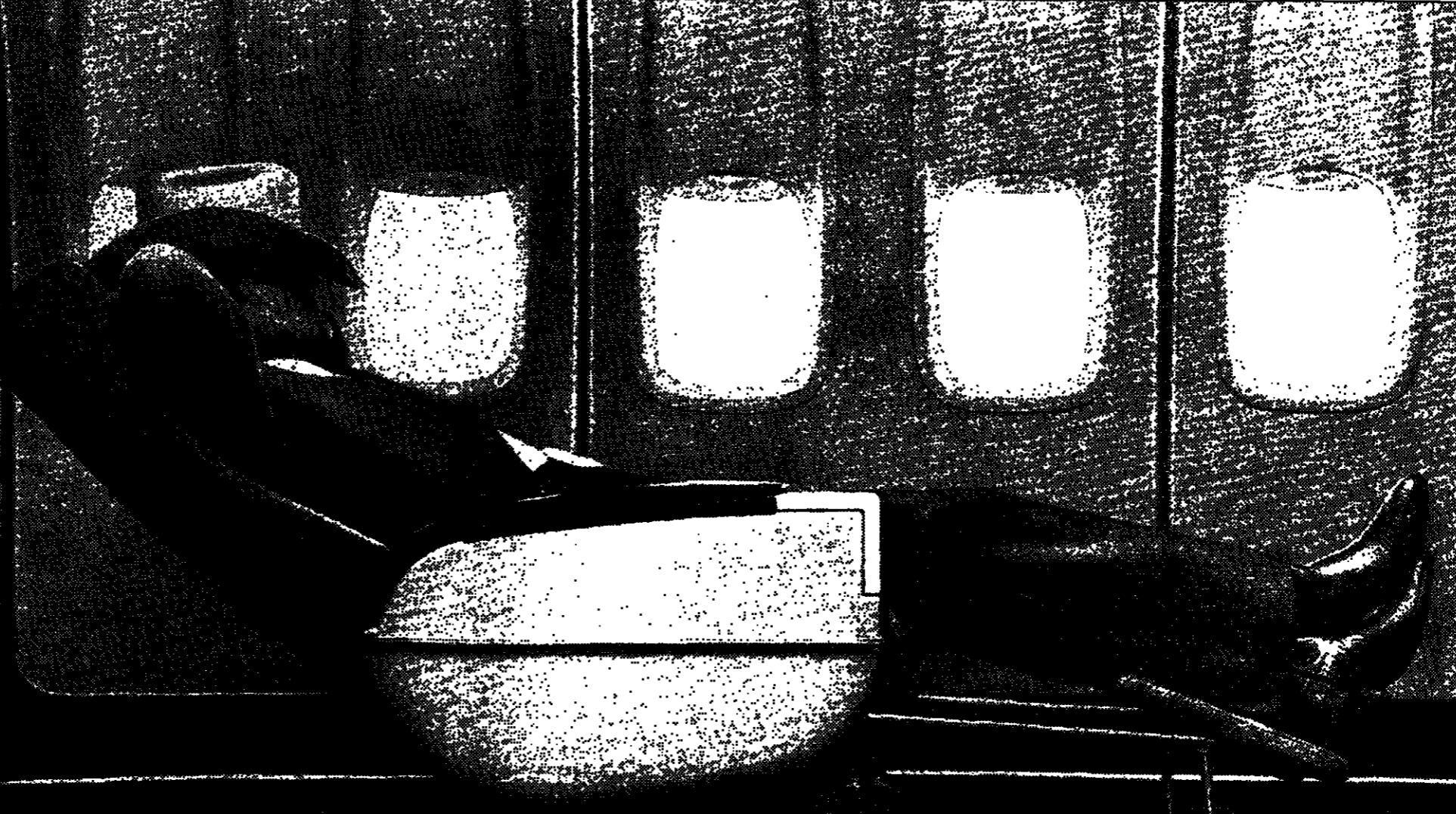
The rebels, who have trapped Mr. Arafat's 4,000 men in Tripoli, have rejected any suggestion that they themselves should leave.

They insist that Tripoli's environs do not include the Palestinian refugee camps that they now control, although one of them is situated on the northeastern edge of the city.

Mr. Karim, who was conferring in the Syrian capital, gave no details of the arrangements for the withdrawal. The Greek government agreed Wednesday to provide four ships to take Mr. Arafat and his men to Tunisia and North Yemen.

In Beirut on Wednesday, the body of Lieutenant Mark A. Lange of the U.S. Navy, the pilot killed

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Baker Is Said To Aspire to Baseball Post

Top Reagan Aide Seems Unhappy in White House

By Lou Cannon

Washington Post Service

WASHINGTON — The White House chief of staff, James A. Baker 3d, is reported to be one of two persons under consideration to be the U.S. baseball commissioner. Sources close to Mr. Baker said that he would consider the job if it were offered to him.

One source said that Mr. Baker, 53, who is known to be frustrated by the demands and conflicts of his job, would make a decision by the end of this week.

Another source described Mr. Baker as a "burnout case" who has made no secret that he is unhappy in his White House job.

But one of Mr. Baker's Republican friends said that "no, matter how frustrated he is, he isn't likely to walk away from the president of the United States for a job in sports."

A few weeks ago, when William P. Clark left his post as national security affairs adviser to become secretary of the interior, Mr. Baker and the deputy chief of staff, Michael K. Deaver, planned together for Mr. Baker to replace Mr. Clark and for Mr. Deaver to succeed Mr. Baker as chief of the White House staff.

That plan was blocked by President Ronald Reagan, who named Robert C. McFarlane as Mr. Clark's successor and left Mr. Baker and Mr. Deaver in the posts they have held throughout the administration.

Milton Richman, the sports editor of United Press International, reported Tuesday night from Nashville, Tennessee, the site of major league baseball's winter meetings, that Mr. Baker and Peter V. Ueberroth, president of the Los Angeles Olympic Organizing Committee, were the finalists to replace Bowie Kuhn as baseball commissioner.

A spokesman for Mr. Baker, responding to queries about the report, issued a statement saying:

"Over the course of the last three years, he's had numerous press inquiries about reports of job changes. He's never commented on any of them. He's not about to change that now."

However, Mr. Baker has often denied such rumors directly, and he was unavailable for comment.

Morale at the White House has been damaged in recent weeks by an intensive investigation of purported disclosures of national security information.



V FOR VICTORY — Foreign Minister Carlos P. Romulo of the Philippines, signals cheerfully from a Manila hospital bed before undergoing dialysis treatment on Wednesday. With the 85-year-old diplomat are his wife, Beth Day, center, and a nurse.

Oxford Causes Stir in British Academia By Acting to End Alleged Entrance Bias

By Simon Cox

Reuters

OXFORD, England — Oxford

University, which along with Cambridge is one of Britain's most respected institutions of learning, could shed its image of privilege after a move to change the way it selects undergraduates at the two universities.

Coming after years of debate, the change will remove an alleged bias toward applicants from Britain's relatively few fee-paying schools and give students from state-run schools a better chance of entering the eight-century-old university.

Renowned for their imposing medieval architecture and the charm of their courtyards and gardens as well as for their intellectual reputations, Oxford and Cambridge have furnished the country with a succession of celebrated public and literary figures.

Among past graduates of the two universities, known together as "Oxbridge," are a host of prime ministers, such as William Gladstone, Harold Macmillan, Edward Heath and Margaret Thatcher, writers like T.S. Eliot, Oscar Wilde and William Wordsworth, and the heir to the throne, Prince Charles.

Although far from all Oxbridge students are members of a privileged social elite — Mrs. Thatcher and Mr. Heath come from humble

backgrounds — the two universities have tended to convey an impression of being the domain of the wealthy and aristocratic.

Critics of Oxbridge point to the fact that the 7 percent of pupils who go to private schools, known in Britain as "public" schools, provide at present about half the undergraduates at the two universities.

But the lofty halls and peaceful courtyards of Oxford's 28 colleges could begin to see a shift in the university's student body as a result of the change.

Unlike Britain's other universities, Oxford and Cambridge select most of their undergraduates through their own entrance examinations rather than relying on the "A-level" or advanced examinations taken nationally by secondary students at the age of 17 or 18. They say that these examinations are "not a fine enough instrument."

The Oxbridge entrance examinations require an additional term of study after pupils would otherwise have left school. Advocates of reform say these examinations favor applicants from the private schools, since they have the facilities to provide the additional teaching which state schools are generally unable to offer.

The Oxford colleges last month moved, in theory at least, to change this bias by agreeing that from 1985

all candidates for the entrance exams should take it a year early, while they still had a year left at school.

It is likely that this change will put pressure on Cambridge, which two years ago failed to agree on a proposal to reform its own entry system, to follow suit.

The Cambridge admissions of

ice has said it is conferring with the 24 Cambridge colleges about reopening the issue.

Reaction from schools has been mixed.

Roger Ellis, chairman of the Headmasters' Conference, an association of 240 top "public" schools and headmaster of one of the most famous, Marlborough, said the decision to move up the examination was "disastrous" and "a bad answer academically."

He said that the conference, although conceding the need for change and the fairness to the state schools of Oxford's decision, was "united in its dislike" of the early examination. He said it would be a disadvantage for later developers and for those with "stamina" and favor those with "slick" minds.

But John Rae, headmaster of Westminster School, a "public" school in central London, said it was important that "justice is seen to be done" and he welcomed the change.

Ulster Lawmaker, an IRA Opponent, Is Slain Outside Law School in Belfast

The Associated Press

BELFAST — Two IRA gunmen disguised as joggers shot to death a leading Protestant member of the Northern Ireland assembly Wednesday outside the Belfast law school where he taught.

Edgar Graham, 28, chairman of the assembly's Finance Committee and a leading opponent of the Irish Republican Army, had just arrived at Queen's University for a lecture on European Community law when the gunmen opened fire at point-blank range, police said.

Mr. Graham was hit in the head and collapsed in a pool of blood. Witnesses said one of the gunmen continued to fire at him before the two fled on foot. Mr. Graham was pronounced dead at the scene.

The IRA, waging a guerrilla war to end British rule in Northern Ireland, claimed responsibility for the "execution," which brought the death toll in 14 years of Protestant-Roman Catholic violence to 2,338.

An IRA statement sent to news agencies said that Mr. Graham had

rejoiced in the assassinations of republicans, supported the corruption of even British law in the use of show trials and paid perjurers.

Mr. Graham was a leading member of the Official Unionist Party, the province's predominant Protestant party, and a leading opponent of the security policies of the government of Prime Minister Margaret Thatcher, which he said were not tough enough on terrorism.

When gunmen burst into a Protestant church in Dardley, Northern Ireland, on Nov. 30, and shot to death three church elders, the party announced that its members would boycott the assembly.

The move was a blow to British hopes that the elected assembly, which is only an advisory body, might eventually restore political stability to the embattled province. The assembly was already boycotted by Catholic parties.

Britain's Northern Ireland secretary, James Prior, expressed outrage at "this cold-blooded murder."

Garrett Fitzgerald, prime minister of Ireland, said he heard of the killing with "abhorrence and disgust."

He said those responsible were "enemies of democracy, and of all the people of this island, both north and south."

In the north, Seamus Mallon, deputy leader of the Social Democratic and Labour Party, the dominant Labor Party, the dominant Catholic party, said the killing could only be "to plunge Northern Ireland into outright bloody confrontation."

Protestant politicians were furious and accused London of not doing enough to stop terrorism.

"I myself asked for more protection for Edgar Graham less than three weeks ago," said the Rev.

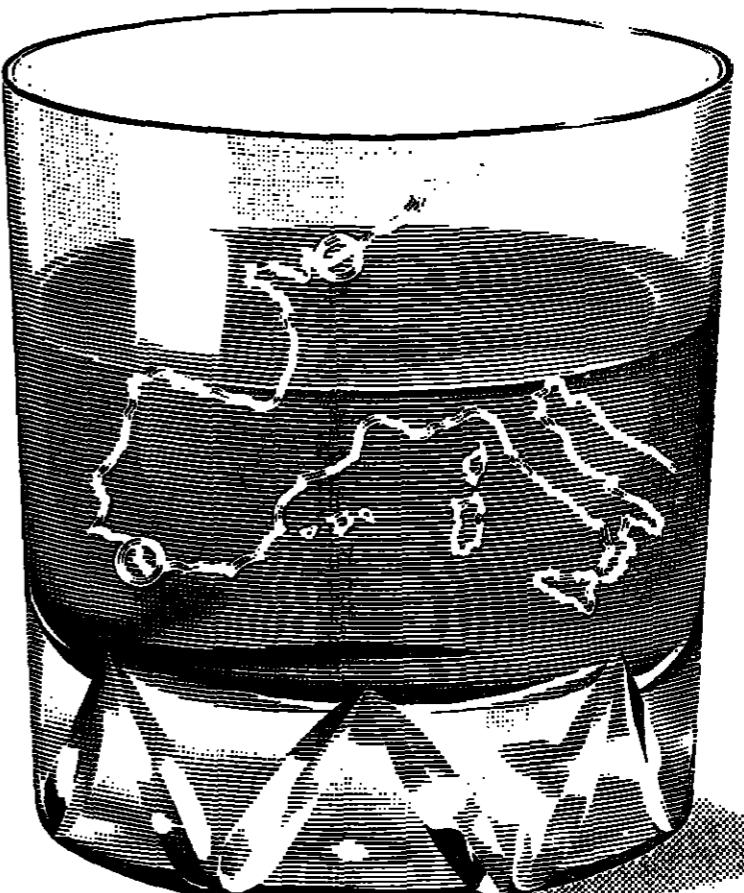
Martin Smyth, a Protestant member of Parliament. "My information has tragically proved correct and I indict the security forces for not giving him that protection."

The shooting was the latest in a spate of sectarian slayings that the police have said began with the shooting of a Catholic, Adrian Carroll, 24, the brother of an alleged nationalist guerrilla, on Nov. 8.



Edgar Graham

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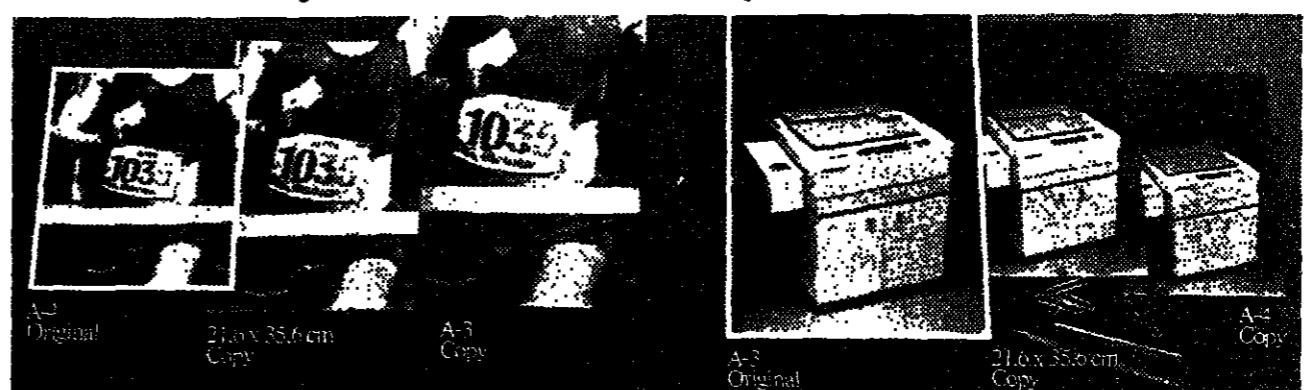


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For instance, with the help of advanced electronic technology, the Xerox 1035 copier is so intelligent, it can actually "think through" difficult copy jobs and then

display panel, and in plain language the 1035 can take you through what needs to be done.

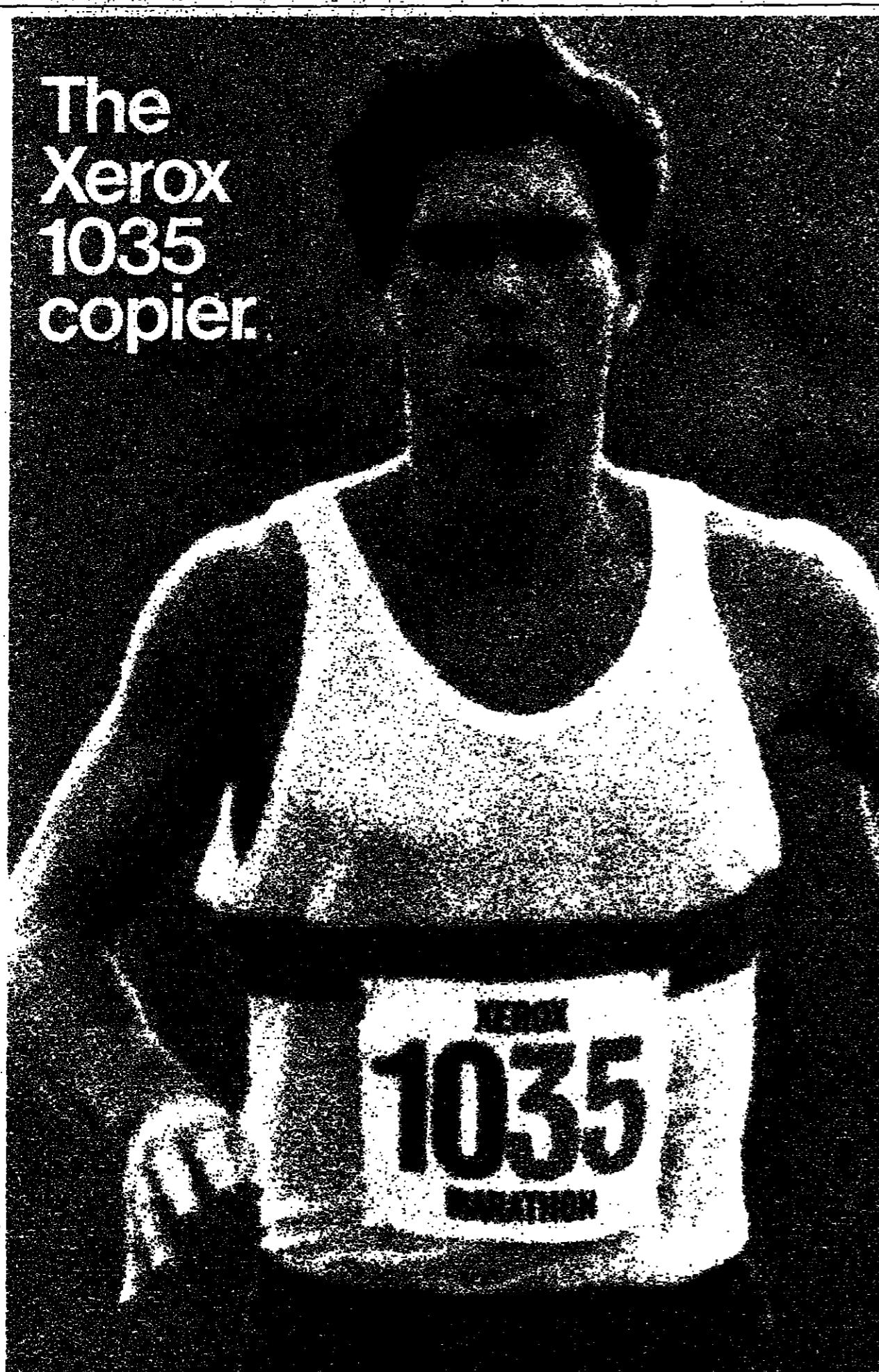
Advanced electronics also enable the Xerox 1035 to make copies so crisp and clear they're difficult to tell from the original.

And features like five contrast settings for colored or problem originals, job interrupt and two paper trays make it hard to believe that the 1035 is only a desktop copier at a desktop copier price.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Lebanon: Out by Jan. 1

The 2,000 beleaguered American marines in Lebanon have no military mission. They are passive diplomats in olive drab, flying the flag in a vulnerable encampment. Even if they were reinforced they could not hope to compel an end to Lebanon's civil war, or the withdrawal of 40,000 Syrian troops. So there is no point in talking about the marines in do-or-die slogans. They risk their lives and the honor of their country, but they have nothing tangible to win. They are instruments of a negotiation that, if it doesn't fail altogether, can produce no better than a sloppy compromise.

If such use of the marines demeans a proud uniform, the mistake will not be undone by inventing a larger mission now. The marines acquired their diplomatic assignment by accident and have made what contribution they can. It is time to pull them out while their losses can be reckoned in hundreds.

The choice requires a cold calculus. One casualty does not justify the next. The life of the next marine has to be reckoned to be as precious as the first.

The fact is that President Reagan sent the troops abroad expecting not to lose a single man. Their first task, to supervise a PLO evacuation, was done in a month, and they withdrew. Then they were sent back in to occupy a buffer zone around Beirut — when Washington thought that would help in arranging a coordinated withdrawal of Israeli and Syrian forces while the rival Lebanese factions formed a new coalition government.

But the Syrians stayed to bolster Moslems against Christians, the civil war continued and the Israelis pulled back in frustration. President Reagan countered by trying to bolster the Christian-led "national" army, letting the marines guard the Beirut airport and call for an occasional shot from America's offshore naval

guns. At the same time, he pressed the Christian leaders to strike a deal by yielding more political power to Moslem groups.

That is where matters have stood for six agonizing months. The Lebanese factions have failed to strike a deal, and their civil war flares on; 240 American men were lost in one terrible, deliberate attack and a dozen more to shells that may or may not have been aimed at them. Why keep them there?

Mr. Reagan implies that they are buying time to keep building the "national" Lebanese army to help the Christians cut their deal. That failing, he expects the Lebanese army to defend a Christian enclave around Beirut while Moslem groups carve out other autonomous areas. Either way, coalition or carve-up, Syria will still hover over all Lebanon. Mr. Reagan thinks the Syrian occupation can be confined to eastern Lebanon, but that containment will be pursued with American and Israeli air power, not the marines.

This sloppy outcome would preserve the fiction of a sovereign Lebanon and let both Israel and the United States appear to have saved it from conquest by a Soviet ally. In global terms, that may be worth some American lives, but buying more time with more lives will not buy any more prestige.

Nothing America or Israel are willing to risk can alter the balance of forces, push Syria out or reduce its future influence over Lebanon.

Keeping the marines in place can buy only one more thing: time to let the Lebanese decide whether they want a weak coalition governing a large area around Beirut or a bunch of separate, small factional enclaves. They can make that choice in weeks, and Mr. Reagan has nothing to fear from naming the date on which the Marines will leave. Try Jan. 1.

— THE NEW YORK TIMES.

The End of Antitrust?

The staff recommendation, made last week, that the Federal Trade Commission approve a joint venture between General Motors and Toyota has implications that go beyond a single transaction, even one of this magnitude. The two giant companies want to produce some 200,000 subcompacts a year in an empty GM plant in Fremont, California; GM seeks not only profits but experience in Japanese manufacturing techniques, while Toyota wants more presence in the U.S. market than it has under the current "voluntary" quotas. The scale of this enterprise has aroused protests, notably from Chrysler, which sees two of its larger competitors ganging up against it.

Ten years ago that combination would have been regarded as obviously illegal. Why the change? The answer, we think, is that in two important ways the rules of antitrust law as they had developed were undermined by observation of how the world works.

First, the rules had grown maddeningly imprecise. Some Supreme Court decisions seemed to bar any mergers between competitors or suppliers, no matter how small; and antitrust experts were even spinning theories to prohibit mergers between companies in totally unrelated businesses. So no one could ever say for sure that a particular merger would be judged legal. At the lower levels of the economy, that created uncertainty that

retarded efficient use of resources. At the upper levels, it encouraged endless litigation and the politicization of antitrust law.

The second factor undermining the antitrust laws was their encouragement of a sort of market-sharing. In autos, for example, GM long understood that it would be in trouble if it won more than 56 percent of the market for U.S.-made cars. That is not an incentive to innovation and competition; instead, it encourages sluggish behavior and bureaucratic stasis. Critics of antitrust law argued that it protected competitors rather than competition. But even more, it seemed to erode some of those otherwise best able to compete.

What is left of antitrust law? Not much more than the ban on price fixing, which the Reagan administration has in fact been vigorously enforcing (and which is the subject of giant private antitrust suits, initiated mostly by skilled lawyers not to serve the public interest but for huge fees). Most mergers and resale price arrangements are not being challenged by the government, and if GM-Toyota goes through, it will seem that joint ventures are generally allowed. The disappearance of much antitrust law has been hurried along by the Reagan administration, but it is a development that already had considerable momentum before Mr. Reagan was elected.

— THE WASHINGTON POST.

Other Opinion

Europe: Not-Yet-Mortal Failure

Is this the beginning of the end for the European Community? Most member countries asserted before [this week's summit] that the Community's very existence would be at stake. The Athens meeting turned out to be an undeniably fiasco. Yet no one is now talking about death throes. During the Ten acknowledged their failure calmly.

Several countries, including France, were aware that no amount of crash negotiating would resolve the pending issues; they had decided against turning the Athens talks into a marathon. Perhaps the talks were indeed badly prepared. That lays a heavy responsibility on France, which assumes the presidency of the EC Council on Jan. 1. Will the French manage to do better than Greece — and will they want to? Will they succeed in promoting an economic compromise among the divergent national interests in the service of a political vision that was wholly lacking in Athens?

Two different explanations can be advanced as to why the current crisis has not broken up the EC: either a certainty that Europe is by now too important a reality to be at the mercy of budget ups-and-downs; or simply the inertia of habit and of the EC bureaucracy. The first few months of 1984 should tell.

The principal casualty in Athens was political cooperation. Financing problems are basic, it is true, but there was nevertheless something

pathetic in the spectacle of ten European heads of state or government squabbling over budget matters and completely ignoring the Middle East drama and East-West tension.

This was not yet the summit of last opportunity, but there is no denying that opportunities were missed — yet again.

— *Le Monde (Paris)*.

A New Middle East Situation

The Great Veto [against a Middle East settlement] has been removed. The veto was the fact that the Palestine Liberation Organization could never resolve the argument between those of its leaders who were willing to accept the existence of Israel, and those who wanted to remove Israel from the map. The argument has now been made irrelevant by the splitting of the PLO, a process which the Israelis began by their invasion of Lebanon last year and which is this year being concluded by the Syrians. The anti-Israeli intransigents have been collected under Syria's thumb. Most of the possible acceptors of Israel remain under the wobbly leadership of Yasser Arafat. If Mr. Arafat escapes from the Syrian siege of Tripoli, he will be free to authorize the approach to Israel which his own indecisiveness failed to make the PLO accept last year. If he does not escape, or is sacked as a failure, a more decisive successor will have the same chance.

— *The Economist (London)*.

FROM OUR DEC. 8 PAGES, 75 AND 50 YEARS AGO

1908: Japanese General Is Criticized

TOKIO — It is not possible to obtain any confirmation of the resignation of General Terauchi, the Minister of War, although rumors of disagreement in the Cabinet owing to his arbitrary attitude are rife. His influence has steadily increased in the previous and present Ministries, and he appoints his tools on the General Staff, in the War Department, in Manchuria, Formosa and Korea. Significance is attached to his absence from the weekly Cabinet meetings as an indication of his disapproval of the policy of military retrenchments and postponements. The Diet is expected to demand an explanation of his attitude.

1933: Mills Warns Against Inflation

NEW YORK — In a careful analysis of the monetary condition, Ogden Mills, who succeeded Andrew W. Mellon as secretary of the treasury under President Hoover, has told the Women's National Republican Club that lack of confidence in the present administration's monetary policies constituted a heavy drag on the normal forces of recovery and that the country was applying the brakes to credit expansion, without which no general price increase was possible. He described the present policies as containing the germs of "one of these speculative inflationary movements we have such cause to regret."

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OIL AND ENERGY

A SPECIAL REPORT

THURSDAY, DECEMBER 8, 1983

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Nuclear Energy: Dynamic Growth

By Thomas R. Stauffer

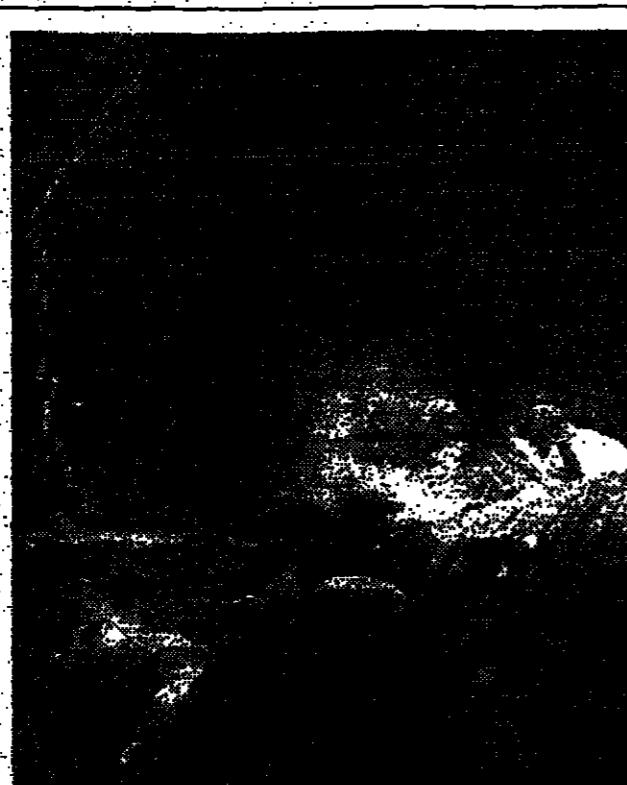
VIENNA — Nuclear energy today is the most dynamic energy sector in the industrial world and the most potent competitor to high-cost oil. In spite of persistent negative publicity and prominent vocal opposition, nuclear power is the most rapidly growing source of new energy for Europe and Japan. For the Soviet bloc, too, nuclear energy is a strategic source of both energy and scarce foreign exchange and critical to its economic policy.

Worldwide nuclear electricity production has increased steadily at 20 percent per annum since the oil price shock in 1973, faster than any other energy source and much faster than energy demand growth. The impact of nuclear power upon OPEC has been striking. New nuclear stations built between 1972 and 1982 have eliminated 3.5 million barrels a day from the demand for OPEC oil, constituting one-fourth of the total reduction in OPEC oil production. Global production of nuclear power by early 1984 will surpass 1 trillion kilowatt-hours a year, the equivalent of 4.5 million barrels a day of oil.

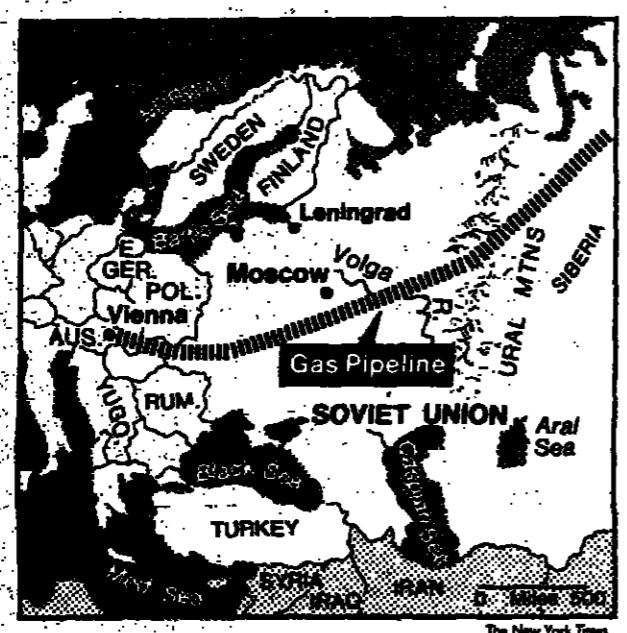
The extravagant forecasts for nuclear power made earlier — the promises of electricity "too cheap to meter" — have been discarded, and projections of installed capacity have been cut almost in half. However, this remarkable momentum is expected to continue at least through this decade. The International Atomic Energy Agency in Vienna, based upon completion schedules of plants already under construction, expects that by 1990 nuclear power production will double again, reaching more than 10 million barrels a day of oil equivalent energy, the global counterpart

(Continued on Following Page)

Thomas R. Stauffer is an energy specialist who is currently a visiting professor at the Diplomatic Academy in Vienna.



EUROPEAN ALTERNATIVE — In the Soviet Union, above, work progresses on the 3,000-mile pipeline (map below) to deliver natural gas to Western Europe. Meanwhile, Western governments proceed with expansion of nuclear energy despite protest and controversy; at right, the nuclear power plant at Dampierre, France.



Decline in Oil Demand: Have Consumer Nations Permanently Cut Needs?

By Daniel Yergin

CAMBRIDGE, Mass. — The most important question on the energy scene today is what will happen to demand. The entire oil industry has been traumatized by the fall in oil consumption. Between 1973 and 1982, the industrial world grew by 20 percent. During the same period, its demand for energy fell by 2 percent — and demand for oil dropped by 12 percent. The change has been even more dramatic since the second oil shock. Between 1979 and 1982, the industrial world's demand for oil declined by 6.5 million barrels a day — a 17-percent drop.

In these circumstances, the traditional ways of trying to figure out the future just do not work anymore. "We took projections for economic growth, and multiplied by 1.2, and that is how we knew what demand for oil would be," is the way a senior executive of one major oil company recently — and somewhat nostalgically — explained how he and his colleagues used to project demand.

The unexpected change is forcing a process of reconsideration in the industry no less momentous than after 1973, as top management and planners today try to understand what kind of business they will be in a decade from now. But no group has experienced the decline more sharply than the OPEC countries, whose production has fallen by 40 percent since 1979. As a director of one OPEC national oil company almost plaintively commented, "Never have so many forecasters had to change their forecasts so often."

The last few months, however, have given the first sign of some recovery. Demand for oil is rising, although at a very modest rate. This has been driven primarily by something of a rebound in the United States (where oil imports rose by about 13 percent in September and October from last year — but dipped in November).

But the rebound is small — we in Cambridge estimate a 2-percent increase in world demand — while the surplus is still very large. The consequence will be renewed downward pressure on oil prices this winter, setting the stage for the third episode of the now-familiar soap opera, "Will OPEC Survive?"

Underlying this coming winter's drama will be the key question whether demand for oil will increase in any significant way, or whether it will be more or less flat, even with economic recovery. Decisions about investment, marketing and redeployment of assets — as well as major political issues — all hinge on what happens to demand for the next few years.

The decline in demand for oil is the result of conservation, fuel switching and recession. On that, there is general agreement — but only on that. For it has been very hard in the midst of a deep world recession (which really should be called a depression) to separate out the factors.

The only way to do it is on a sector-by-sector basis. A substantial part of the decline is the result of permanent structural changes. One of the most important has been the replacement of oil in utilities by other forms of generation — mainly coal and nuclear. This has been taking place throughout the industrial world.

Another is the change in the U.S. automobile fleet. This is very significant, since one out of every eight barrels of oil used in the free world every day is burned as gasoline on the American highway. A great deal of further conservation — as every new car buyer in the United States should know — is built into the system by the technological changes in automobiles that result in higher fuel efficiency. Economic recovery will actually accelerate the turn to more fuel-efficient vehicles.

But demand will also be affected by behavior and expectations for prices and supplies. For instance, the number of miles driven by the average American car fell 5 percent between 1978 and 1979 — in the face of rising incomes and expectations of flat oil prices. Shifts in expectations will also reduce the eagerness of industrial managers to shift from oil to other fuels.

Finally, of course, the recession has hit particularly hard at the energy-intensive industries. Further depressing demand. When all the factors are added together, we would expect a mild rebound demand for oil as the industrial world comes out of the recession. A particularly important factor will be the timing and extent of depressed Europe's recovery. After this rebound, demand will flatten as structural changes already in the pipeline make their influence felt.

A key uncertainty for later in the 1980s is whether the U.S. auto fleet goes beyond the 27.5-miles-per-gallon fuel efficiency now mandated by law.

But, from the viewpoint of overall world demand for oil, there is one other most important factor. The international debt crisis is pushing the developing world into austerity.

If and when that problem is overcome, economic growth will resume in the developing world, and we would then expect to see a continuing and rather exuberant increase in demand for oil coming from those nations.

Daniel Yergin is the author of "Global Insecurity: A Strategy for Energy and Economic Renewal," sponsored by the Atlantic Institute for International Affairs, and co-author of "Energy Future: Report of the Energy Project at the Harvard Business School." He is president of Cambridge Energy Research Associates and is a lecturer at Harvard University.

Despite War, U.S. Discounts Threats to Block Gulf Shipping

By John M. Berry

WASHINGTON — Most U.S. government officials, oil industry executives and oil market participants believe any major lengthy disruption of oil shipments from the Gulf is highly unlikely, even though the Iran-Iraq war continues.

Officials at the State, Treasury and Energy departments have taken long, detailed looks at the situation and concluded that Iranian threats to close the Strait of Hormuz, through which about 94 million barrels of oil flow daily, cannot be carried out.

This assessment is also shared by Sheikh Ahmed Zaki Yamani, the Saudi Arabian oil minister, and Sheikh Ali Khalfia al-Sabah, his Kuwaiti counterpart, Reagan administration officials said.

For one thing, any Iranian action to halt the 18 tankers that use the 45-kilometer (27.5-mile) wide passage each day would cut off its own exports of about 2 million barrels a day. Since the United States could be expected to respond militarily to keep the international waters of the strait open, Iran would run the risk of having its exports stopped even after the passage was reopened to other vessels, U.S. officials said.

Similarly, attempts at sabotage or commando raids on the oil fields, pipelines or shipping terminals of Kuwait, Saudi Arabia, Qatar or the United Arab Emirates would be unlikely to cause a major disruption, the officials said.

Just as the Iranian navy with its handful of destroyers and escorts could do little in the strait, the kind of massive, coordinated attack on the oil facilities themselves is thought to be beyond the capabilities of the Iranians. That does not mean that some facilities could not be destroyed. However, enough of them could be destroyed to make a major difference in world oil markets.

"The probability of more than a very short disruption is very low," said one administration official who took part in the assessment.

An executive with a major U.S. oil company with interests in the Gulf shares that view. "I have a hard time believing that Iran could shut down the strait. It would take a great deal of force and expertise and I don't think they could muster either," he said.

Behind all of the采样 estimates, of course, lies the current oil surplus. In early 1979, a sharp drop in Iranian oil production and a reduction of 1 million barrels a day in Saudi Arabian output was enough to send world oil prices soaring.

Now oil markets are taking the Iraq-Iran conflict in stride, and Iraqi threats to halt Iranian exports by attacking the Kharg Island shipping point with newly acquired French Exocet missiles causes hardly a quiver in prices. Saudi Arabia, with exports running at about 5 million barrels a day, could alone more than make up for any loss of Iranian exports.

Moreover, both U.S. government and oil industry executives believe there is 3 million barrels a day or more of spare production capacity outside the Gulf area in Nigeria, Libya, Indonesia, Mexico and elsewhere. While Libya might or might not choose to raise production, depending on the cause of any disruption in the Gulf area, officials think the other nations would jump at the chance.

Aside from the cushion of unused capacity, the surplus also provides a certain measure of protection against a successful attack on the Gulf's oil facilities.

For example, with exports of 5 million barrels a day, there is an enormous amount of redundancy in Saudi oil facilities. Even if half of them were knocked out in

a raid, a large quantity of oil could still be moved, an administration official said.

Also, the Iranians must realize that fact, the official added. After all, that is one reason they have been able to continue to use Kharg Island despite Iraqi attacks. More than 5 million barrels a day moved through Kharg Island before the Iranian revolution. Moving 2 million now does not require that the terminal be in perfect shape.

Administration officials are confident, too, that attacks on a few tankers would not discourage shipping to the point that the strait would effectively be closed. They note that marine insurance on hulls and cargos remains available for the war zone in the Gulf today, and that during the height of the Vietnam war it was available for ships heading up the Mekong River to Saigon. Now, as then, the officials think ships and crews would be available.

Both the failure of insurance rates for the Gulf to increase substantially and the lack of any big jump in oil futures contracts or spot market prices testify to the way in which the market assesses the risks in the Gulf.

Finally, from a U.S. point of view, even closing the

(Continued on Following Page)

U.S. Price Deregulation: Waiting for Shakeout in Natural Gas

WASHINGTON — The three-decade long attempt to control the prices of oil and natural gas in the United States is gradually coming to an end.

Price controls on oil disappeared a bit at a time between 1979 and 1981. President Ronald Reagan regularly takes credit for ending them, though the process was nearly completed during the Carter administration.

Similarly, under legislation passed in 1978, price controls for natural gas have been dropped on a substantial portion of current production. If the present law is not changed, a total of about 60 percent of production will be freed of controls at the end of next year.

The end of crude-oil price controls severely hurt many small independent oil refiners in the United States, many of whom had built new refineries specifically to take advantage of the favored treatment accorded them under the price regulations.

Larger oil companies applauded the end of controls, though the abrupt shift from a shortage to an oversupply of oil on world markets has squeezed their profits in the last two years. The refiner acquisition cost of crude, both imported and domestic, has fallen from \$34.36 for a 42-gallon barrel in January 1981, when Mr. Reagan removed controls, to \$28.97 last September.

Consumers are probably most conscious of the fact that the average price of gasoline has dropped. In October, the average for all types of gasoline sold both in self-service and full-service stations was \$1.24 a gallon, compared to \$1.27 in January 1981.

The drop in gasoline prices actually has been considerably greater than that since those average prices include all taxes. Federal fuel taxes have gone up from 5 cents a gallon since the beginning of 1981 and many states have increased their tax as well.

Meanwhile, as a result of both conservation efforts spurred by the earlier price increases and the deep

recession, oil consumption also fell. Only in recent months has it climbed back to its 1981 levels of around 15.5 million barrels a day for this time of year.

Most energy economists believe that the wrenching changes that have hit the oil industry in the last two years would have been exacerbated had controls and some of the related distortions, such as the favoritism of small refiners, still been in effect.

A significant number of the small refiners have either gone bankrupt or shut down parts of their operations. Drilling companies and suppliers of oil-field equipment have gone under in droves. At least three large banks have failed because of bad energy loans, and others have seen their profits cut to the bone.

But through it all, no one could go running to Washington for help, since with controls gone there was neither a mechanism nor the will to provide it. The oil industry had been pleading for years to be free of controls. The irony was that they got their freedom precisely at the point the market turned sour.

The political battle over controls in natural gas is still being waged and the final outcome is hard to predict. Divisions within the natural-gas industry and between the industry and consumer groups are so great that it may be impossible for any new gas legislation to pass.

In that case, at the end of next year all controls will be lifted on the price of gas flowing from wells drilling since the beginning of 1977. Controls on the remaining, so-called old gas, will continue until the wells are depleted, though with allowable prices rising regularly in line with inflation.

Industrial users began to switch to oil, or were threatening to do so as part of a demand for price cuts. Unfortunately for the pipelines, their contracts with producers left them no way to pass such cuts backward. At the same time, the volume of gas being moved through the lines was down, and that also cut pipeline revenues.

With bankruptcy more than just a possibility for some pipelines, several began making unilateral

changes in their contracts with producers. Others tried to negotiate changes, some successfully. Many producers, including Exxon, Texaco and others, went to court to enforce their contracts.

In the midst of all the legal tangle, one fact became abundantly clear: controls or no controls, a commodity cannot be sold above its market price indefinitely.

The producers being hit the hardest were those who had found gas at depths below 15,000 feet and, under the controls, were free to sell it for whatever the market would bear. They did so at prices up to \$10 a thousand cubic feet when the average price was between \$2 and \$3. Now that big price differential for such "deep" gas has largely disappeared.

An analysis by the Congressional Budget Office recently compared two versions of the pending natural-gas legislation — one of which would continue controls on "old" gas and one that ends them — and the current law. Interestingly, it showed that by the latter part of this decade the price of natural gas paid by the local distribution companies would be virtually identical under any of the three approaches.

In fact, some analysts believe that for most consumers, decontrol of natural gas has become almost a moot issue. Average wellhead prices have been rising more than crude-oil prices since 1973, and by some estimates the current average price is little different than it would be in the absence of controls.

In other words, all the controls are doing at this point is favoring some types of producers over others, according to the vintage, depth and other characteristics of their gas. Some pipelines and users are also favored according to which producers happen to supply the interstate pipeline that carries their supply of gas.

As with oil, complete decontrol of natural gas in the United States, should it happen, could turn out to be almost a non-event once all the legal tangles over existing contracts were unraveled.

— JOHN M. BERRY



The core of a nuclear reactor at Dampierre, France.

SCIENCE

Animals Given a Human Gene

By Harold M. Schmeck Jr.

New York Times Service

NEW YORK — Scientists are setting out to grow breeds of giant mice that are genetically a little bit human. Dozens of such animals have already been born, each carrying transplanted genes for human growth hormone that makes them grow to twice their normal size.

The aim is better understanding of how genes are controlled, but practical applications are already being pursued including the development of faster growing, better quality beef cattle, that might have immense impact on future agriculture. Moreover, issues have already been raised concerning the ethics of doing similar gene transplants in humans, although specialists put the prospect of doing this many years in the future because of unknowns and technical obstacles.

Some of the new mice are about twice normal size because they carry human genes for the production of growth hormone and have an oversupply of that hormone in their blood. From these animals, scientists hope to breed whole colonies of mice that will pass the human gene to their offspring in the normal course of heredity.

Such mice, called transgenic, provide a tool never before available, to study how individual genes are switched on and off and determine what controls their biological effects on the living body.

Genes are the determinants of all hereditary traits. Within the nucleus of every cell is a complete set of genes embodying the blueprints of heredity from which, in theory, a whole new individual could be grown. But, in each normal cell, only those relatively few genes necessary for the cell's own functions are turned on, and only at the precise time of need. That selectivity and timing makes a muscle cell a muscle cell instead of skin, liver, bone or even cancer.

All the genes that are not needed, stay turned off, or "unexpressed," to use the scientific term. The whole pattern of human growth and development from conception to old age, in health and illness, is an orchestration of gene control, governed by the manner and timing in which genes are activated to do the body's work. Today, scientists have only a few clues to the controls and signals that govern this vital process. The puzzle of gene control is one of the most important problems of modern biological research, touching both normal development and disease.

"Gene regulation, over all, is what we are interested in," said Dr. Ralph L. Brinster of the University

of Pennsylvania's School of Veterinary Medicine. "If you understood that, I guess you would understand how the genes go wrong in many diseases."

He and his main collaborator, Dr. Richard D. Palmer of the Howard Hughes Medical Institute at the University of Washington, Seattle, are widely recognized as leaders in research on transgenic mice. Today they will jointly receive an award for their work from the New York Academy of Sciences.

The gene transplants are done when the mouse embryo is only a single fertilized egg, flushed from the female's reproductive tract and placed on a laboratory glass plate. Watching through a microscope, a scientist carefully pierces it with a hollow tube much thinner than a human hair, then squirts many copies of a specially modified human gene into one of the two cell structures, called pronuclei, that later fuse to become the nucleus of the early embryonic cell.

The egg cell is then put into the reproductive tract of a female, to be born about 20 days later as a mouse, ordinary except that all of its cells contain copies of a human gene.

THE transplants are successful in a substantial, although quite variable, percentage of attempts. In some of the successes, the transplants have been stable and have been transmitted in the normal course of heredity to succeeding generations.

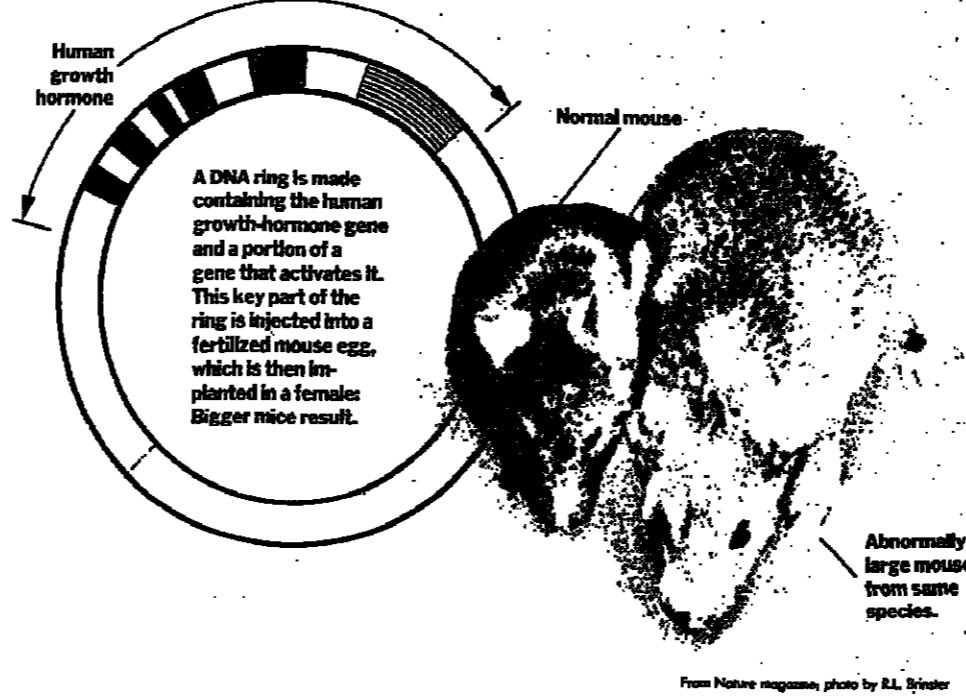
The experimenters have no control over where in the animal's genetic apparatus the foreign gene becomes integrated. Sometimes it will lodge in one chromosome, sometimes in another. In the early experiments there was little success in getting the foreign genes "expressed," or activated, so the product for which they provided the blueprint was actually produced.

The most dramatic success was reported just a year ago in a collaboration by Dr. Brinster, Dr. Palmer and colleagues. They constructed a special genetic message by fusing together a gene for rat growth hormone and a control portion of another gene, called a metallothionein gene, and transplanted this composite package of genetic instructions.

Some of the mice in these experiments grew to twice normal size.

Recently the scientists did the same with human growth hormone, again seeing mice grow dramatically under the influence of the extra foreign gene and the control portion, which is called a promoter.

Comparable experiments have



From Nature magazine, photo by R.L. Brinster

Clue to Alzheimer's Disease Found

By Lawrence K. Altman

New York Times Service

SAN FRANCISCO — The prion, the smallest infectious agent known, appears to have links to Alzheimer's disease and several other degenerative disorders of the brain.

According to studies reported in a medical journal Tuesday, researchers from the University of California medical schools at San Francisco and San Diego have found that the infectious agent and a chemical previously known to be present in the brains of victims of these diseases appear to be identical.

Indeed, the research indicates that the previously identified substance may in fact be clumps of prions.

The substance previously found in the brains of victims of degenerative disorders such as kuru, Creutzfeld-Jakob disease and Alzheimer's disease is amyloid, which until now most doctors considered simple waste products. The amount of amyloid present in Alzheimer's disease appears to be roughly correlated with severity of the symptoms.

Dr. Stanley B. Prusiner, who headed the seven-member research team, said in an interview: "It is an astounding finding because we never would have dreamt that amyloid and prions were the same. The implications of the findings may be enormous."

He said the findings could ultimately provide doctors with the key to preventing and treating Alzheimer's disease, the medical term for senility. A principal co-author, Dr. George G. Glenner of the University of California at San Diego, said, however, that he would be more cautious about the implications until further studies were conducted to prove that prions and amyloid were the same.

Alzheimer's disease, which occurs with increasing frequency after about the fifth decade of life, is one of the most common and devastating disorders affecting older people in this country. About 2 million Americans have the disease.

Individual prions are too small to be seen under an electron microscope. A prion is about one one-hundredth the size of the virus that causes polio, for

example. However, from experiments in test tubes, the California researchers found that hundreds of prions form clumps, which can be seen as rods through an electron microscope. The rods are about 10 times the size of the virus that causes polio.

Prions themselves have been scientifically controversial because they have characteristics unlike any known microorganism. So far, research shows that prions are composed of only one major protein called PrP for prion protein. Despite an intensive search for a nucleic acid in the prions, none have been found.

What makes prions so peculiar scientifically is that nucleic acid is the basic genetic material of living things. Further, although prions replicate, scientists do not know how they could do it in the absence of nucleic acids.

The research reported in the journal *Cell* adds further support to the theory that Alzheimer's is a slow virus disease. Slow viruses are so named because the incubation period can be 30 years or longer. It is not known why the disease is particularly threatening to the elderly.

Kuru is one such slow virus disease that has been transmitted experimentally to animals. It is a degenerative brain disorder that was first recognized in New Guinea and traced to cannibalism. Very little has been learned about the workings of the virus once it gets into the body.

Dr. PRUSINER said that although the new link suggested an infectious cause, there was no evidence that Alzheimer's disease could spread directly from one person to another.

Although Dr. Prusiner has studied prions methodically for more than a decade, he said a chance observation led to the new findings. It came when the neurologist was scanning a book of electron microscope photographs and saw one that resembled the prion rods. To his surprise, the picture was of amyloid.

Dr. Prusiner said if prions were found to cause Alzheimer's disease, it might be possible to find drugs to slow down the process in which they form or even to prevent it from happening.

CURRENTS

Heart Recovery Chances Clarified

STANFORD, California (AP) — Doctors no longer have to guess about a patient's chances for recovery after a heart attack, according to the results of a 10-year Stanford University research project.

The findings showed that heart-attack patients who return to work quickly have a lower risk of dying within one year than patients who do not, according to Dr. Robert F. DeBusk, director of Stanford's cardiac rehabilitation program. But doctors who fail to tell their patients clearly about their condition after an attack can hinder recovery and drive up the cost of care and rehabilitation, Dr. DeBusk and his colleagues said.

The findings follow the use of new techniques such as exercise testing to distinguish soon after a heart attack between patients with low risk of a second attack and those with high risk, Dr. DeBusk said. "We don't have to give him vague instructions to 'take it easy,'" he explained. "For the first time, we can tell him precisely what his odds are, what his risks are, and what he can do."

Hormone Test Set for Gehrig's Disease

BOSTON (AP) — A hormone that doctors say may be the first treatment for Lou Gehrig's disease will be tested in a major study at New England Medical Center, the hospital says.

The disease, known formally as amyotrophic lateral sclerosis, attacks the nerves and eventually leads to paralysis and death.

Doctors from the University of Southern California School of Medicine reported last summer that injections of thyrotropin-releasing hormone, or TRH, temporarily reversed the muscle weakness caused by the disease. The latest research, financed by the Muscular Dystrophy Association, will be conducted on 150 patients, including 14 who began receiving TRH injections two months ago.

Cloning Gain May Aid Hemophiliacs

NEW YORK (NYT) — A biotechnology company says it has made a significant advance toward artificially producing a blood substance needed by thousands of hemophiliacs to curb excessive bleeding.

Genetics Institute, a Boston-based company, said research led by Dr. Jay Toole "has successfully cloned" a substance representing the human gene for a protein that is defective or missing from the blood of people suffering from the most common form of hemophilia.

The cloned substance is deoxyribonucleic acid, or DNA, the active substance of the genes of all living things. The protein, or factor VIII, which is defective or missing in people with hemophilia A, is a form of the hereditary blood disorder that inhibits natural clotting.

The cloning of a piece of DNA means that it has been obtained in pure form and can be produced in large quantity in bacteria, but Dr. Toole emphasized that large-scale production was probably years away.

Sea-Level Rise Traced to Glaciers

SAN FRANCISCO (UPI) — When scientists learned that the average sea level had risen 6 to 10 inches in the last century, some theorized it was caused by melting polar ice caps. A new study indicates that the source is mountain glaciers.

The findings were reported by the U.S. Geological Survey's Glaciology Project office in Tacoma, Washington, at the fall meeting of the American Geophysical Union, a conference of Earth and planetary scientists in San Francisco.

The polar ice cap theory was cast in doubt when experts concluded the Antarctic ice sheet has probably grown a bit in the last century and Greenland's cover hasn't changed much at all. Calculations showed, however, that the melting of glaciers "appears to be just about what is needed to explain the rise."

U.S. Plans to Issue El Niño Warnings

SAN FRANCISCO (AP) — The U.S. government hopes to issue informal warnings to nations threatened with storms and drought caused by the climate phenomenon known as El Niño.

"We can help," said Celso S. Barrios, chief of marine environmental assessment for the National Oceanic and Atmospheric Administration. He said the warning system may take at least two years to set up. "It's hard to get going both politically and scientifically," he said during the American Geophysical Union's fall meeting. Last winter's El Niño labeled the strongest of the century by NOAA, was blamed for about 1,000 deaths and \$8 billion worth of devastation around the world.

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FEBRUARY 10-15: 20th International exhibition of gift and decorative arts, jewelry, perfume, cosmetics, silverware, pottery, precious and semi-precious stones, household articles of luxury February 16-20: 11th International tourism exchange February 19-21: 11th International tourism exchange February 20-24: International market of sport articles and camping equipment

MARCH

MARCH 26-30: 20th International exhibition of gift articles fancy goods perfume items tobacco smoking articles supplies CRAFT 84 - International exhibition of stationery paper and cardboard products articles for school and fine arts MARCH 27-29: 10th International fashion exhibition MARCH 28-30: 10th International fashion exhibition MARCH 29-31: 10th International exhibition of leather and leather goods MARCH 30-31: 10th International exhibition of fashion accessories MARCH 31-APRIL 1: International exhibition of leather and leather goods

APRIL

APRIL 16-19: 20th International exhibition of informatics exhibition of telematics MARCH 20-23: 10th International exhibition of gift articles fancy goods perfume items tobacco smoking articles supplies CRAFT 84 - International exhibition of stationery paper and cardboard products articles for school and fine arts MARCH 24-27: 10th International exhibition of medical and scientific equipment and medical services MARCH 28-31: 10th International exhibition of leather and leather goods

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MAY 4-7: 10th International exhibition of cosmetics dermatology exhibition MAY 5-9: 10th International exhibition of chemical products import-export and agents MARCH 20-24: 10th International exhibition of textile components materials and services for industry MARCH 25-29: 10th International exhibition of textile components materials and services for industry MARCH 30-APRIL 3: 10th International exhibition of leather and leather goods MARCH 31-APRIL 4: 10th International exhibition of leather and leather goods

JUNE

JUNE 19: 20th International exhibition of gift articles fancy goods perfume items tobacco smoking articles supplies CRAFT 84 - International exhibition of stationery paper and cardboard products articles for school and fine arts

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CONFERENCE LOCATION

OIL AND ENERGY

OPEC's 24th Year: Dissension Obscures Founders' Purposes

By Randi Takiedine

PARIS — Started with a spirit of nationalism and solidarity in defense of a common precious resource, the Organization of Petroleum Exporting Countries is dangerously sliding away from its initial purpose.

It is degenerating into an organization where competing oil mechanisms, prisoner of markets, no longer control, highlight the illnesses of their developing world strategies for power, political tensions and war.

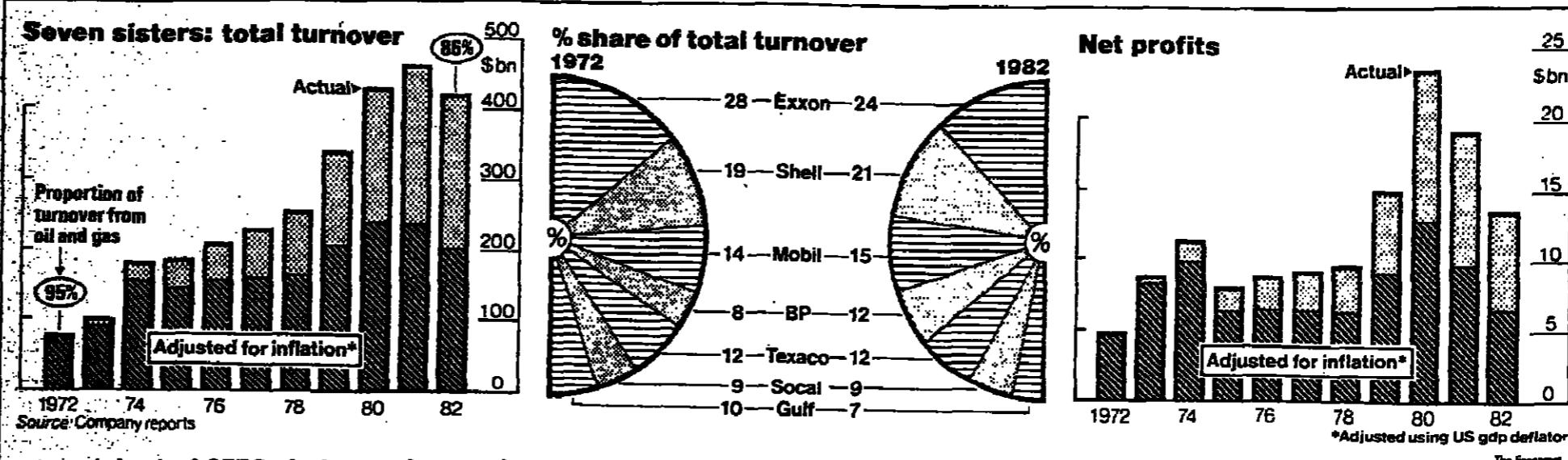
OPEC is entering its 24th year, a year that could be blinder for the organization than the last two if the 13 members fail to restore discipline to their production policies and to elaborate a short-term and a long-term strategy for their pricing policies and their relations with producers outside OPEC.

In the last two years, there has been a noticeable decline in world demand for OPEC oil. Among the reasons are the recession in the industrialized world, which contributed to a decline in consumption in the OECD countries; the restructuring of Western economies; for strict conservation; the increase in oil production of non-OPEC members, mainly in the North Sea, Mexico, Alaska and the Soviet Union; and, last but not least, the major buildup and subsequent

drawdown of inventories between 1982 and 1983. In the first quarter of 1983, as a result of the significant drop in prices, companies depleted their inventories at a rate of 4 million to 5 million barrels a day, consuming an additional supply that competed with that of OPEC.

From a production level of 31 million barrels a day in 1979, OPEC's production has dropped to about 17.5 million barrels a day in 1983, and its financial situation has deteriorated considerably. According to OPEC's annual statistics bulletin, OPEC current account balance, underwent a sharp decline from a surplus of \$81.1 billion in 1981 to a \$2.5-billion deficit in 1982.

A series of price cuts by Nigeria and by the British National Oil Co. (BNOC) alarmed OPEC members in March 1983, prompting them to try to avoid a collapse of oil prices. After a 10-day marathon meeting in London, they decided to reduce the official price of the market crude level by \$5 to \$29 a barrel. They also set an overall production ceiling of 17.5 million barrels a day for the rest of 1983, within which quotas were set for individual countries. After that meeting, the Saudi oil minister, Sheikh Ahmed Zaki Yamani, said: "I have a strong feeling that this will really work out and OPEC will be in the driver's seat, but I cannot rule out the pos-



A decade of OPEC price increases has not only severely affected the economies of importing nations, but also changed the outlook for the Seven Sisters.

ability of a price war if the non-OPEC producers invite it."

OPEC's situation today tends to indicate that the Saudi oil minister was somewhat overoptimistic. As a matter of fact, in September/October of this year, many OPEC members breached their quota levels.

OPEC output had risen to about 18.5 million barrels a day, 1 million barrels a day more than the OPEC ceiling. Early in October, OPEC production reached 19 million barrels a day. The main increase in production came from Saudi Arabia, whose output reached nearly 6 million barrels a day, against a quota of 5 million barrels.

Nigeria raised its production to about 200,000 barrels a day above its quota of 1.3 million barrels. Qatar went 100,000 barrels above its share of 300,000 barrels a day. Venezuela is also reported to have pro-

duced about 200,000 barrels above its quota of 1.675 million barrels a day.

According to the OPEC Ministerial Market Monitoring Committee, which convened in Vienna on Oct. 27, OPEC production over and above the ceiling has contributed to a third-quarter stock buildup of about 2 million barrels a day. The committee warned of a possible serious situation if present production levels continue. "Even if the market could sustain the prices, the situation could deteriorate further later on so that OPEC would face an extremely difficult situation since the defense of prices would be very difficult," it said.

The OPEC meeting in December promises to be a rough one. Various members will put the blame on those they oppose politically, and some will ask for an upward revision of their quotas. Iran's deputy oil minister, Abbas Honarousti, said recently that the current Iranian quota of 2.4 million barrels a day was too small for a nation of 42 million people fighting a war. The Iranians want the quota raised to 3.2 million barrels.

The Saudis are expected to oppose any revision in the quotas. They would not want to give any of their political foes the opportunity of cornering them into lowering their output share. Sheikh Yamani has never accepted interference in what he considers a most sovereign decision: oil production levels.

After a big row, the OPEC meeting in December will probably end with no change in the London March agreement. But cheating, in the form of price-cutting, will go on. Members will overproduce and give price discounts. Even if demand for OPEC oil reaches 18.4 million barrels a day in 1984 — as some analysts at the International Energy Agency have projected — the market will remain weak. If OPEC countries fail to maintain effective production ceilings, they will be faced with an imposed reduction of the market price by \$1 to \$2, probably in the middle of the first quarter of 1984.

This scenario is not universally accepted. The Kuwait oil minister, for one, sees things differently. Sheikh Ali Khalifa al-Sabah said recently in London: "In the December OPEC meeting, the present quota system will be extended, at least for the first six to nine months of next year. Demand for OPEC oil next year may be about one million barrels more. Much is not going to come during the first quarter or second quarter; it is going to be concentrated mainly in the third and fourth. So during the first six months essentially, the present quota arrangement would or should be continued at the same level with the same allocations. I would be very frightened if from the second quarter had OPEC production today been in the neighborhood of 19 million barrels a day. But the fact that member countries are essentially respecting prices has meant that their production has fallen over the last three or four weeks. That makes me much more confident about next year."

Asked about his reaction to the Iranian desire for a quota increase, Sheikh Ali said: "They have to reconcile within themselves that a different quota means that they have to take from somebody, and since nobody would be willing to give to them to reduce his quota, the only

way to accommodate a different quota level is if we talk about the different price level. So they have to reconcile within themselves for ever whether they want this current price level or a lower or a higher one."

It is unclear whether the OPEC countries can remain in "the driver's seat" on prices without a strategy toward non-OPEC producers, a growing force in the world markets. If BNOC reduces its price, what can OPEC do to stop Nigeria from following suit in a weak market? Moreover, OPEC members will go on cheating as long as there is no marketing strategy through long-term contracts between buyers and sellers. Today, most producers sell to a multitude of buyers instead of through long-term contractual transactions with companies at official prices, which could help stabilize the market.

Market conditions have combined to make this a testing time for OPEC. Whether the organization remains the driving force on world prices will depend largely on how its individual members respond to the present trials.

Gulf Nations Now Realizing Potential of Associated Gas

By Susannah Tarbush

LONDON — A few months ago, Hussain Sultan of Dubai had his car converted to run on liquified petroleum gas (LPG) as well as gasoline, one of about a dozen cars in the area to have been so adapted recently.

Mr. Sultan has a good reason for making the change as a director of the Dubai Natural Gas Co. (DUGAS) and managing director of Emirates Gas, he's doing all he can to encourage the local use of LPG.

"There is a great future for gas in the domestic market," he believes. In an era of projected production increases in various regions of the world, the international price prospects are not particularly bright. "It is best to use it locally rather than sell it cheaply or flare it," Mr. Sultan said.

Emirates Gas aims to be a pioneer in the Gulf in promoting the use of LPG to fuel vehicles. It will initially concentrate on large fleet operators such as the police or municipal authorities. Mr. Sultan foresees a "time when all the Gulf's power stations and industries will be fueled by gas. DUGAS already plays a vital role in firing Dubai Aluminum (DUAL)'s gas turbine driven generators.

DUGAS gathers and processes the gas from the emirate's offshore oil fields, and separates it into residue gas (methane and ethane), LPG (propane and butane) and condensate. Its processing plant is designed to receive up to 125 million cubic feet of gas a day, from which it can produce up to 9,000 barrels of propane, 7,000 barrels of butane, 7,000 barrels of condensate and 70 million cubic feet of residue gas. All the residue gas is piped to the DUAL plant, while the LPG and condensate are exported to Japan. At present about 5 percent of the LPG is used locally.

DUGAS has embarked on a major \$100-million expansion program to increase production by 10 to 20 percent. The work, which is due to be completed in early 1984, involves drilling new offshore wells and laying new pipelines.

The DUGAS expansion program is only part of the massive drive launched in the Gulf in the last few years to exploit the gas associated with oil production. Before the 1970s, the gas was largely flared, although in Saudi Arabia in the 1950s the Arabian American Oil Company (Aramco) used some gas as fuel for plants belonging to it and a few local companies, and for reinjection to maintain the pressure in oil fields.

In 1959, Aramco started to develop a gas-gathering system to recover natural gas liquid (NGL), and in 1961 exports of LPG began. But it was the leap in oil prices from 1973 and the Saudi government's decision to go all out for industrialization that prompted the enormous investment in the kingdom's master gas system.

Saudi Arabia's master gas system is often described as the most ambitious energy project ever. It involves 37 gas-oil separation plants, four gas-processing centers at Berri, Abqaiq, Shaged and Uthmaniyah in the Eastern Province, a gas pipeline running across the Arabian peninsula from Shaged to Yanbu, and three NGL fractionation plants and export terminals at Jaymah and Ras Tanura on the Gulf and Yanbu on the Red Sea. The system includes more than 2,400 kilometers (1,440 miles) of gas pipeline.

The master gas system can process up to 3.3 billion cubic feet of gas a day to produce 2.1 billion cubic feet of methane fuel gas, 370 million cubic feet of ethane, more than

315,000 barrels of NGL and 3,700 tons of sulphur as a byproduct.

Gas is used in power plants and industry in the Eastern Province. It drives seven power stations and a steam power plant, producing almost all the province's electricity.

It also supplies two huge desalination plants, a glass factory and a meat and fertilizer plants.

Associated gas is the essential ingredient in the ambitious petrochemical projects of the Saudi Arabian Basic Industries Corporation (SABIC), located in the new industrial areas of Jubail and Yanbu. Methane is the feedstock in the methanol and fertilizer plants, while ethane is a feedstock for processes resulting in a variety of chemicals including ethylene, styrene, polyethylene, ethanol and ethylene glycol. And this is only the beginning. These basic chemical building blocks form the basis of a host of new downstream industries.

Of the remaining constituents of associated gas, propane and butane are refrigerated and condensed for export as LPG, leaving natural gasoline, which is also exported.

Though on a considerably lesser scale than the Saudi master gas system, the other Gulf states have also made large investments in systems to gather and process their associated gas.

These systems have been badly affected by the decrease in volumes of associated gas as a result of the cuts in oil production imposed by the official ceilings of the Organization of Petroleum Exporting Countries. One particular dramatic consequence was the 24-hour total power failure in Saudi Arabia's Eastern Province in late June, although some sources attributed the failure to technical problems. Saudi Arabia is locked into a certain minimum level of oil production if it is to produce enough associated gas for power generation, petrochemical plants and exports.

It has been calculated that when the entire master gas system is in operation, at least 7.5 million barrels a day of oil would have to be produced to ensure enough gas was available for the system to work at full capacity. Some sources said others the figure could even be 3 million to 4 million barrels a day. In recent months, oil production has been between 4 million and 5 million barrels a day, and earlier in the year it dropped as low as 3.5 million barrels a day.

Qatar has also suffered from the drop in gas production. The Qatar Petrochemical Company (QAPCO) depends on associated gas for the ethane feedstock from which it can produce 280,000 tons a year of ethylene and 140,000 tons a year of low-density polyethylene (LDPE). The plant has operated at well below capacity in the last two years, and it has suspended plans for a 70,000-ton-a-year high-density polyethylene (HDPE) unit.

Qatar's other major petrochemical industry, the Qatar Fertilizer Company (QAFCO), which produces ammonia and urea from methane, is less affected by the drop in output of associated gas since it can draw on nonassociated gas from the Khuff formation at Dukhan. But this source could run out within five years. With associated-gas activities vulnerable to decreases in oil production — as was shown all too clearly in the last two years — Gulf governments are anxious to exploit to the full their reserves of nonassociated gas. Qatar is extraordinarily well endowed with nonassociated gas. Its offshore North Field is said to contain at least 110,000 trillion to 120,000 trillion cubic feet, and possibly as much as 300 trillion cubic feet, making it one of the world's biggest known accumulations of gas.

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ELECTRICITE DE FRANCE

OIL AND ENERGY



Oil has fueled industrial development of the Gulf nations. Industry analysts now wonder whether the conservation measures forced on Western customers of OPEC by higher prices will have permanent effects. Above and below, Saudi Arabians at work in Aramco installations.

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Nuclear Energy Continues To Expand Despite Opposition

(Continued From Preceding Page)
of Saudi Arabia's peak oil production.

Even in the United States, where new orders long since ceased, another 40,000 megawatts will probably be finished. U.S. nuclear output, too, will roughly double by 1990, replacing still 1.3 million barrels a day of oil and gas-fired power stations and further cutting U.S. oil imports.

The economic impetus for nuclear power — outside of the United States — has proved to be compellingly clear, attributed in large measure to OPEC.

Nuclear electricity currently is the cheapest energy source available except in those few, fortunate areas where there still remain undeveloped hydroelectric sites. Moreover, for the industrial states like the Soviet Union, Japan, France or Britain, it is "home-grown" energy, produced entirely from domestically manufactured equipment and, therefore, no drain on the balance of payments. Smaller countries, like Belgium, Spain and Italy, can produce reactor vessels and equipment covering most of their requirements.

The allure is also strategic — nuclear energy is safe from interdiction. Only the raw uranium must be imported, which is a minute fraction of total costs. Stockpiling a five-year supply of uranium adds only 1 percent to the total cost of the power station, and most countries now routinely maintain such a margin.

The cost advantage of nuclear power — outside the United States — was consolidated only by higher oil prices. In 1970, nuclear energy and oil-based electricity were very close in cost. In Britain, the first, relatively costly Magnox reactors needed protective tariffs on fuel oil. Today, after a tenfold rise in oil prices, surveys show nuclear electricity costs to be below three cents a kilowatt-hour, which is almost two-thirds less than oil or gas. Nuclear plant costs had since escalated, due to inflation and more comprehensive regulation. But real oil and coal costs rose even faster, leaving nuclear power with a clear edge, as confirmed by detailed comparisons of actual plants by Ontario Hydro in Canada, Commonwealth Edison in the United States, and Electricité de France (EDF).

The edge in Europe is especially large. European coal is dishearteningly expensive. The EC secretariat reported costs at more than \$80 to

\$90 a ton at the minehead, in spite of subsidies, which can exceed another \$15 to \$25 a ton. Thus, nuclear electricity in Europe costs at least 30 to 40 percent less than coal.

The striking exception is the United States, where nuclear and coal electricity are closely competitive. U.S. coal is cheap (\$10 to \$35 a ton), and fully automated unit trains with capacities of 10,000 tons each have cut transport costs, making coal cheaper in some areas, albeit rarely by more than 10 percent. Hence, the United States alone has the luxury of an economic choice — coal and nuclear electricity are both comparatively cheap and both are domestic.

It is, however, the Soviet bloc that now emphasizes nuclear power most strongly. It envisages nuclear energy as the key to its longer-term plans for domestic energy, especially as a device for ensuring future exports of oil and gas for hard currency. At the end of last year, the bloc had 22 gigawatts installed, which will double to 46 by 1985 and at least triple to between 60 and 80 by 1990, of which a quarter would be in the satellite states. A gigawatt is the equivalent of 1 billion watts.

Soviet technology is competently indigenous, although buttressed by the Czechs with deliveries of heavy components from the Skoda works and uranium ore. By emphasizing nuclear plants, unfettered by domestic opposition and facilitated by fewer safety constraints, the Soviet Union has freed the equivalent of 500,000 barrels a day worth of oil and gas for export, and their nuclear schedule is crucial to future exports.

The East bloc's nuclear future is even more comprehensive than France's. The Soviet Union has been operating a commercial-scale, 600-megawatt fast-breeder reactor since 1980 and they are extending nuclear power to household heating. Specialized nuclear plants for district heating systems are under construction in Gorky, Voronezh and Odessa, following a model pioneered and then abandoned by the Swedes in the early 1960s.

B.A. Semenov, deputy director general of the IAEA, highlighted the strategic significance of nuclear power for the Soviet Union by noting that coal already comprised 40 percent of Soviet rail traffic and that the newer coal deposits are all far to the east of the Urals, even more remote from demand centers. The vigorous penetration of nu-

clear power outside the Soviet Union was aided by the fact of militant, if narrowly based, opposition. It varies from bumper stickers, such as "Atomic Power — No Thank You," to assaults upon construction sites, such as the German-led demonstration against France's breeder reactor at Creys-Malville. In France, only 2 or 3 planned reactors succumbed. At Plogoff in Brittany, indigenous fishermen and local retirees successfully blocked a large station because — quite literally — the locals feared not nuclear power but the noisy inundation of several thousand construction vehicles.

France's nuclear program will reach almost technical saturation by 1990. More than 70 percent of total electricity will be nuclear and future increases depend upon the success of EDF and CEA, the atomic energy commissariat, in converting oil uses in industry to new electric technologies. Elsewhere in Europe, Finland, Bulgaria, Sweden, Switzerland and Belgium already produce one-fourth or more of their electricity with nuclear plants, which will increase still more by 1990.

Ostensibly, Sweden did pass a moratorium on nuclear power. But behind the well-publicized facade of that moratorium, Sweden's nuclear program continues unabated. The referendum was a moral victory for the white-coated nuclear opponents, freezing construction to 12 plants — the number that had been planned in any case. It also stipulated dismantling of the plants by fewer safety constraints, the Soviet Union has freed the equivalent of 500,000 barrels a day worth of oil and gas for export, and their nuclear schedule is crucial to future exports.

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losers on the nuclear scene are most of the lesser developed countries. "Their competitive disadvantage can only worsen," said Domingo L. Sazón, candidate of the Club of 77 (the grouping of the lesser developed countries) for director general of the IAEA.

Industrial countries can avail themselves of cheap nuclear electricity but financial obstacles and the lack of suitable small reactors force most LDCs to stick with costly oil power. Only South Korea and Taiwan have succeeded in major commitments to nuclear power; for the others the competitive gap in power costs must widen further.

SIX LEADING OIL CONSUMING NATIONS

(Millions of Barrels per Day)

	1973	1979	1982	Percent Change 1979 - 1982
United States	17.3	18.5	15.2	-18%
Japan	5.0	5.2	4.2	-19%
France	2.2	2.1	1.6	-24%
Germany	2.7	2.7	2.0	-26%
Italy	1.5	1.6	1.6	0%
Britain	2.0	1.7	1.3	-24%

Source: Cambridge Energy Research Associates

Despite War, U.S. Discounts Threats to Block Gulf Shipping

(Continued From Preceding Page)

the security question," a Reagan administration official said.

But there probably would be a conservation response because no one believes oil prices would not

soar if the strait were closed and it locked as it

would be shut for a long period of time.

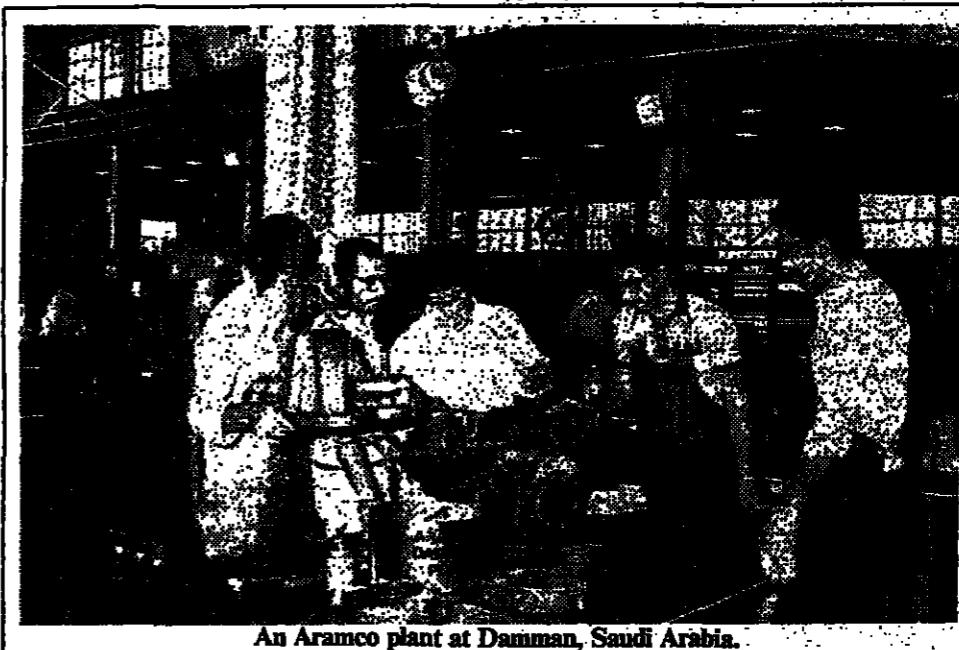
Martin Feldstein, chairman of the Council of Economic Advisors, said an expectation that the waterway would be closed for a long time would probably cause oil prices to double. Some other officials doubt the impact would be quite that large, though still big.

"There would have to be some price run-up, but it would depend on the situation and what governments said they would do about it," the major oil company executive quoted earlier said. "To make spot prices double, the sense of crisis would have to be very severe."

Industry executives remain troubled, however, about the Reagan administration's announced intention to rely strictly on market forces to allocate available supplies during any disruption. A National Petroleum Council group headed by the chairman of Exxon, C.C. Garvin, recommended recently that President Reagan seek standby allocation authority that could be used if needed.

The companies want no part of price controls again, but they fear they would again be blamed for any shortages, as they were in 1974 and 1979, and would like to have the government behind any price sharing of supplies.

However, the administration maintains that it would not seek to allocate supplies. "Relying on the market means that we would not direct who will get what and how much they will pay for it," one official said. "Of course, the administration could influence that market heavily according to how and on what basis it made the SPR oil available," he added.



An Aramco plant at Damman, Saudi Arabia.

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INTERNATIONAL BUSINESS/FINANCE

THURSDAY, DECEMBER 8, 1983

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WALL STREET WATCH

By EDWARD ROHRBACH

Financial Digest Charts Correlation Between Risk and Reward in Market

There's being for your buck in the stock market. Too much, probably, for widows and orphans because where there is reward there also is risk.

In the latest *Hubert Financial Digest*, which tracks the performance of the top market advisory firms, Mark Hubert, the editor, makes that point in discussing what everybody asks him: "Who is the best investment advisor?"

"The fundamental flaw with this question is that it glosses over the relationship between risk and profit," he says. "As a general rule, those investment strategies which carry the highest potential also carry the largest amounts of risk."

There are long shots like the Irish Sweepstakes, he notes, but "a far more intelligent approach is to search for strategies which, for a given level of risk, have realized the greatest profit."

Mr. Hubert, then, of course, passes the buck by stating it is up to the individual investor to decide how much risk he or she is willing to incur.

However, he provides a table listing 43 different portfolios tracked the last two years that are ranked according to volatility, which is measured by the swings of their monthly gains or losses. "The more volatile a portfolio's performance," he explains, "other things being equal, the better the portfolio."

Also figured in the table is the average monthly stock market performance for each of these portfolios.

What is clear from the table is that many portfolios are very risky yet have achieved only small gains, or have even lost money. "In other words," Mr. Hubert says, "the newsletters vary widely in their ability to exploit risk."

Ranked first in the "risky" table is *Kim's Low-Risk Advisory Letter*, whose monthly mean gain of 1.34 percent is above the average of 1.34 percent. There are 16 other portfolios on the list with higher volatilities than *Kim's* but with lower rates of return than its average monthly gain of 1.13.

Growth Stock Outlook is the first market advisory letter in the table to significantly outperform *Kim's* with a monthly mean gain of 2.2 percent. But it is ranked 22th, at three times the "risk" for *Kim's*.

Biggest Monthly Gainer

Biggest average monthly gains among the 43 portfolios, with 3.29 percent, is *Professional Investor's AMEX Stocks*, against a volatility reading of 5.37 percent. At No. 25 on the list, there are 18 portfolios that according to the study have incurred greater risk in the two years yet earned lower profits for investors.

Ranked second as a performer with a monthly mean of plus 3.06 percent is *Value Line's OTC Special Situations Survey*, but its volatility factor is rated 9.18 percent. No. 39 on the list.

Among the better-known market letters, the *Professional Tape Reader* stands No. 24 (5.26 percent) with a 1.76 average gain a month, and *Zweig Forecast* ranks 31st in "risk" while achieving a monthly mean of 2.97 percent. The *Granville Market Letter* is one notch ahead on the volatility scale, but has lost 2.27 percent a month on average.

"Riskiness is, in itself, no crime, but you have every right to expect greater rates of return for incurring greater risks."

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"Riskiness is, in itself, no crime," Mr. Hubert concludes, "but you have every right to expect greater rates of return for incurring greater risks."

For the year to date, *Value Line's Special Situations Survey* ranks first among market letter portfolios, up 35.5 percent. The next top dozen are *Growth Stock Outlook's Supervised Portfolio* (38 percent), *Green's Commodity Market Comments* (32 percent), *Dessauer's Journal International Portfolio* (30 percent), *Cahor Market Letter's Model Portfolio* (29 percent) and *Zweig Forecast* (24.5 percent).

Over the past year, the *Wistone 5000 Index* has gained an even 24 percent.

Wall Street is "tense" and U.S. stocks will only walk "crab-like" in 1984, predicts Mayn Vothe, managing director of Capital Management International, Paris, which specializes in individual accounts.

While not bearish on Wall Street, she said "it just looks less exciting for next year, compared with European stock markets."

Profit estimates for 1984 by analysts have been set too high, she said, creating the situation where actual American corporate earnings will probably disappoint the market, leading to more of the "disagreeable surprises that this year have changed stocks" such as Warner Communications, Digital Equipment, MCI Communications, Osborne, and Apollo Computer.

"What analysts are forgetting is that it's easier for companies to show big profit comparisons in a recovery year like 1983 than in the growth year 1984 promises to be."

Miss Vothe added that about the only place to find real investment opportunities will be in picking stocks of "companies outside the cycle and out of the limelight" — then hoping the market will recognize them.

Among the few issues she has been buying to lately are Comtron, Carnation, Pulte Homes and E-Systems. On hold are Heileman Brewing and Esmark.

International Herald Tribune

CURRENCY RATES

Interbank exchange rates for Dec. 7, excluding bank service charges:

5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210	211	212	213	214	215	216	217	218	219	220	221	222	223	224	225	226	227	228	229	230	231	232	233	234	235	236	237	238	239	240	241	242	243	244	245	246	247	248	249	250	251	252	253	254	255	256	257	258	259	260	261	262	263	264	265	266	267	268	269	270	271	272	273	274	275	276	277	278	279	280	281	282	283	284	285	286	287	288	289	290	291	292	293	294	295	296	297	298	299	300	301	302	303	304	305	306	307	308	309	310	311	312	313	314	315	316	317	318	319	320	321	322	323	324	325	326	327	328	329	330	331	332	333	334	335	336	337	338	339	340	341	342	343	344	345	346	347	348	349	350	351	352	353	354	355	356	357	358	359	360	361	362	363	364	365	366	367	368	369	370	371	372	373	374	375	376	377	378	379	380	381	382	383	384	385	386	387	388	389	390	391	392	393	394	395	396	397	398	399	400	401	402	403	404	405	406	407	408	409	410	411	412	413	414	415	416	417	418	419	420	421	422	423	424	425	426	427	428	429	430	431	432	433	434	435	436	437	438	439	440	441	442	443	444	445	446	447	448	449	450	451	452	453	454	455	456	457	458	459	460	461	462	463	464	465	466	467	468	469	470	471	472	473	474	475	476	477	478	479	480	481	482	483	484	485	486	487	488	489	490	491	492	493	494	495	496	497	498	499	500	501	502	503	504	505	506	507	508	509	510	511	512	513	514	515	516	517	518	519	520	521	522	523	524	525	526	527	528	529	530	531	532	533	534	535	536	537	538	539	540	541	542	543	544	545	546	547	548	549	550	551	552	553	554	555	556	557	558	559	560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599

Saudi Petrochemicals Industry Faces a Crowded World Market

By Alan Mackie

RIYADH — The launch over the next two years of Saudi Arabia's petrochemicals industry is sending waves through depressed world markets and through ailing European producers — with whom its products will directly compete.

Few people believed when Saudi Arabia announced its intention in the early 1970s to develop a petrochemicals industry that it would be so quick and efficient in building it. With world production then growing at 4 to 5 percent a year, few took much notice. Now that the vague projections of start-up dates have become hard predictions, attitudes have changed. There is alarm at the prospect of another 3 to 4 percent being added to the world's underutilized petrochemicals capacity.

Saudi Arabia could not have chosen a worse moment psychologically to enter the market. Global demand is growing at a sluggish 1 to 2 percent at best, and a spate of Third World producers — notably, Mexico, Indonesia, Iran and Iraq — are proceeding with plans to produce petrochemicals by the end of the decade. As these Third World oil producers move into basic feedstocks, traditional producers have been moving downstream into specialty products in a major and fundamental restructuring of the industry.

But not everyone is adjusting so quickly — Western Europe is an example. And it is Saudi Arabia's luck that it will be trying to sell perhaps 15 percent of its production in Western Europe, where 40 percent of plant, much of World War II technology, is idle, and a fragmented industry is vulnerable to price-cutting and pressures from organized labor.

Saudi Arabia's problem is less with specialized byproducts that joint-venture partners will more easily market, or with secondary products that will come on stream some years hence with a new generation of petrochemicals geared to local market requirements, than with the difficulty in marketing methanol, polyethylene and ethylene derivatives. By the end of 1985, plants of the Saudi Arabian Basic Industries Corp. will be producing more than 1.2 million tons of methanol and 1.6 million tons of ethylene per year. The bulk of methanol is targeted to the Japanese and Far East market, and Japan, which traditionally was a big producer of methanol, is restructuring its petrochemicals industry accordingly.

Ethylene derivatives pose the biggest problem of all. It is the most difficult bulk product to move in current market conditions, and a large part of production, at least initially, will have to be placed in Europe.

The European Community has been slow in responding to the threat posed by the new wave of Third World producers, specifically Saudi Arabia, waiting for the United States to take the first step. But the Reagan administration has moved away from a confrontation with Mexico, its main supplier, over cheap petrochemicals imports, and any differences or misunderstandings it had with Saudi Arabia over unfair pricing appear to have been ironed out during Energy Secretary Donald Hodel's visit to the kingdom in late November.

The EC has, therefore, been left to deal with the Saudi threat on its own and is under pressure from members with surplus petrochemical capacity to act. At present, the EC, like the United States, operates a tariff of 12 to 18 percent on Third World petrochemical imports.

The possibility of the EC erecting further tariffs to keep out petrochemicals naturally upsets the Saudis. They feel that they have bent over backward to help establish its market capability. SABIC's own marketing company is under formation with branches in London and Hong Kong. He said that SABIC intends to market a minimum 25 percent of production, depending on marketing agreements already made and others under negotiation, leaving foreign partners with a maximum 65 percent to market, and the remaining 10 percent going to the domestic market.

SABIC believes it has the means to encourage the Europeans and Americans to lower their tariff barriers. For example, it sees Saudi Arabia's annual \$20 billion of imports from the industrialized world as the ultimate bargaining counter in making the industrialized countries compromise. SABIC's chief executive, Ibrahim bin Salama, said: "All the [Saudi] products being sold don't constitute more than \$4 billion, and they don't all go to the same place. What is \$4 billion... compared with our import requirement? Nothing."

This may be unduly optimistic, however. Given European sensitivities, Saudi Arabia may have to settle for existing tariff levels not being raised — or find itself dragged into a price war. Ignorance and some prejudice appear to characterize the misunderstandings on both sides. SABIC is a fast-growing organization that

has yet to find its feet and a solid identity.

European petrochemicals manufacturers have no joint ventures with SABIC, know little about the organization and are deeply suspicious of its potential to upset an already grossly oversupplied market. For example, a Riyadh-based oil executive said: "The fear is that they [the Saudis] will want a 15 to 20 percent return and fudge the figures to get it. After all, the plant is there and they might as well utilize it to the full." The return on assets SABIC is expecting is an unknown quantity. It depends, too, on definitions. Is, for instance, the gas-gathering system included in the assets?

At any rate, if the Saudis priced their product on a positive cash flow basis, for example, they could break even at less than \$1 a barrel, thus undercutting any producer in the world. The Europeans, as the least efficient, are most vulnerable and fear that the Saudis may decide to dump as much as 25 percent of their ethylene production in Europe if doors are closed elsewhere.

Saudi officials have stressed that they want an orderly entrance to the market. But SABIC's director of marketing, Abdullah Nojaidi, has said that SABIC does not intend to lean on its joint-venture partners for help in establishing its market capability. SABIC's own marketing company is under formation with branches in London and Hong Kong. He said that SABIC intends to market a minimum 25 percent of production, depending on marketing agreements already made and others under negotiation, leaving foreign partners with a maximum 65 percent to market, and the remaining 10 percent going to the domestic market.

SABIC believes it has the means to encourage the Europeans and Americans to lower their tariff barriers. For example, it sees Saudi Arabia's annual \$20 billion of imports from the industrialized world as the ultimate bargaining counter in making the industrialized countries compromise. SABIC's chief executive, Ibrahim bin Salama, said: "All the [Saudi] products being sold don't constitute more than \$4 billion, and they don't all go to the same place. What is \$4 billion... compared with our import requirement? Nothing."

This may be unduly optimistic, however. Given European sensitivities, Saudi Arabia may have to settle for existing tariff levels not being raised — or find itself dragged into a price war. Ignorance and some prejudice appear to characterize the misunderstandings on both sides. SABIC is a fast-growing organization that



Saudi Arabia is continuing full speed with development of its petrochemicals industry.

Kuwaiti Retail Venture: Will OPEC Partners Follow?

By Bob Hagerty

LONDON — When the Kuwait Petroleum Corp. bought up 1,600 gasoline stations and two refineries in Europe last spring, some of its Western rivals feared the worst.

Would the upstart flood the already soggy European market with cheap oil products? So far, oilmen report, the answer is no.

"KPC has been very cautious in maintaining the rules of the game," said a spokesman for Exxon Corp.'s Esso Europe unit. At Royal Dutch/Shell, a spokesman agreed: "We have not seen them as price-cutters so far."

Sheikh Ali Khalifa al-Sabah, Kuwait's oil minister and chairman of KPC, said that the matter should never have been in doubt. "KPC is a totally commercial company in its thinking and planning," he said recently. "It is committed to nobody other than its balance sheet."

KPC is even sometimes called the "eighth sister" to the seven big Western oil companies that used to dominate the oil industries of Kuwait and its fellow members of the Organization of Petroleum Exporting Countries.

But KPC is a new breed of oil company whose attitudes and organization differ markedly from those of the Seven Sisters. As a state-owned company, it is under no pressure to pay dividends and thus can take a longer-term view on investments. At the same time, as a company based in the Third World, it is constrained by the shortage of trained executives.

"There's nobody like it in the oil industry," a senior KPC executive said.

While all of the OPEC countries took over their oil industries from foreign owners during the last two decades, none has been so aggressive as Kuwait in building up an international oil company. Kuwait had more incentive to invest overseas than did most other OPEC countries. With a population of just 1.5 million, Kuwait could not find enough worthwhile projects at home in which to sink all of its oil revenue, which totaled about \$10 billion last year, down from a peak of \$18 billion in 1980.

But as oil demand remains depressed, there are signs that other OPEC countries are seeing the logic of Kuwait's moves to set up secure outlets for its crude. The United Arab Emirates has expressed interest in buying overseas oil assets, and some analysts think that Saudi Arabia, too, will emulate Kuwait.

"I think more and more OPEC countries are going to go into it," said Mehdi Varzi, an oil analyst at the London stock brokerage of Grieveson, Grant & Co.

KPC's roots go back to 1934, when British Petroleum and Gulf Oil set up the Kuwait Oil Co. to produce oil in what was then a poor desert country. In 1975, the Kuwait government took over Kuwait Oil Co. In January 1980, the government decreed that the entire oil industry would be grouped under a new parent company to be called KPC.

Less than four years later, KPC is, in the industry jargon, a "fully integrated" oil company. It controls the flow from the oil well all the way to the gasoline pump and, in terms of sales, is roughly half the size of Gulf, the smallest of the Seven Sisters.

Not content with merely exploiting Kuwait's vast oil reserves, KPC has interests in exploration projects in the North Sea and Williston Basin in the United States. It is fighting a court battle in the United States to overturn a ruling by the U.S. Energy Department that KPC is ineligible to hold oil rights on U.S. government land. The department has contended that Kuwait discriminated against investment by U.S. companies.

The court case, however, affects only a small part of Kuwait's exploration activities, which extend to Morocco, Indonesia, Oman, Congo and Sudan, among other Third World countries.

At home, Kuwait produces about 1 million barrels of crude a day. KPC said it receives no discount on the crude it buys from the government, although analysts said that the policy could easily be discarded if the government changed its mind.

In both exploration and production, KPC draws on the services of Santa Fe International, the U.S. oil-services and engineering company that Kuwait bought for \$2.5 billion in December 1981.

Santa Fe comes in handy for refining. Its C.F. Braun subsidiary is involved in the upgrading of Kuwait's domestic refineries. The daily capacity of the three refineries, about 350,000 barrels, is scheduled to double within the next three years.

In addition, KPC has refineries in the Netherlands and Denmark, acquired last spring from Gulf Oil, which is pulling out of many of its operations outside the United States. Those two refineries add another 150,000 barrels a day to

capacity, but that was the impression it gave not long before making the spring's purchases.

Sheikh Ali said he does not rule out investments in any part of the world. He noted, however, that Asia's proximity makes it a natural market for Kuwait's petroleum.

"The U.S. is not a natural market for us," Sheikh Ali said, citing transport costs.

If that factor can be overcome by other advantages, however, KPC would be interested, he added.

A KPC source indicated that big acquisitions are imminent. It does not decide to move, however, the company clearly has the resources.

Its report for the year ended June 30, 1982, showed reserves of 1.1 billion Kuwaiti dinars (\$4.07 billion).

The company had net income of 299 million dinars on sales of 1.4 billion dinars. Sheikh Ali indicated that profit was much higher in the year to last June 30, for which results have not yet been released.

A KPC insider said that the company can move fast when it spots a potential bargain.

Unlike the Seven Sisters, it has not yet developed a lush bureaucracy in the upper reaches of management. Most of the bureaucracy resides at lower levels, where Kuwait's manpower shortage is less severe.

Thus, the insider said, it can take longer to get its vacation schedules approved than it does to get clearance for a multimillion-dollar acquisition.

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BUSINESS BRIEFS

U.S. Drops Probe of Oil Companies After Finding No Basis for Action

WASHINGTON (AP) — The U.S. Justice Department said Wednesday that it has ended a federal investigation of international oil companies because there is no basis to pursue "possible antitrust action."

Assistant Attorney General William F. Baxter, head of the Justice Department's Antitrust Division, announced the decision to close the 6-year-old investigation without any prosecution.

The investigation initially began in 1977 with requests for documents from seven U.S.-oil companies and four foreign companies. The probe was subsequently narrowed to focus solely on the four companies that jointly own Aramco American Oil Co., known as Aramco, which produces and markets crude oil from Saudi Arabia. The four Aramco partners are Exxon Corp., Texaco Inc., Standard Oil Co. of California and Mobil Corp.

The Saudi Arabian government objected to U.S. government demands for documents from these companies and has effectively blocked the review over of the documents sought by the Justice Department.

Harvester French Unit Defaults on Pact

CHICAGO (Reuters) — International Harvester Co. said Wednesday that its French subsidiary, International Harvester France, had violated its minimum net worth covenant and the Bank of France had refused to renew a credit facility for the subsidiary.

The facility permits banks to discount notes bought from the Harvester unit. The subsidiary's lenders "have extended the short-term facilities under the (unit's) loan agreements only on a temporary basis," Harvester said. The extension expired Jan. 31.

The subsidiary seeks a 100-million-franc (\$12-million) loan from the French government, certain creditors and from the parent company itself to supply the unit with bridge financing until the unit completes an operational and financial restructuring.

Deutsche Bank's Operating Net Rises

DUSSELDORF (Reuters) — Good results in trading on Deutsche Bank's own account in currencies should allow it to make a rather large increase in risk provisions for nonperforming loans, the joint management board concluded, F. Wilhelm Christians, said Wednesday.

He did not say what level of provisions would be made, but increased profit from currency and securities trading in 1982 allowed the bank to increase published-group risk provisions last year by 43 percent to 1.7 billion Deutsche marks (622.9 million).

Mr. Christians said that operating earnings, including trading for the bank's own account, rose 10.3 percent in the first 10 months of 1983, but he gave no figure. The bank reported a 30-percent rise in 1981 and a 33-percent increase last year.

Partial operating profit of the parent bank for the first 10 months was 1.74 billion DM, up 16 percent from 1.5 billion DM a year earlier.

Time Holders Clear Spin Off of Unit

NEW YORK (Reuters) — Time Inc. shareholders on Wednesday approved a company proposal to spin off the company's forest products division and other proposals that will make it more difficult to acquire the company.

Officials at a special shareholder meeting said a majority of the company's shareholders approved the plan to distribute to stockholders 90 percent of the stock outstanding of its Temple-Inland Inc. subsidiary.

Temple-Inland is the parent company of Temple-Essex Inc. and Island Container Corp., which together produce pulp, paper board, building materials and corrugated containers.

Continental Gummi May Pay Dividend

HANOVER (Reuter) — Continental Gummi-Werke AG's managing board will propose a dividend of at least 5 percent of its shares face value of 50 Deutsche marks (\$18.52) for 1983, a company spokesman said Wednesday.

The last time Combi paid a dividend was 2.50 DM on 1980 results. Profits for the world group and the parent company will be significantly higher than in 1982, when the group earned 20 million DM and the parent earned 5.7 million DM, the spokesman said.

Chemical on Bank-to-Client Communications:

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Reagan Asked to Settle Feud Over IDA Funding

By Hobart Rowen
Washington Post Service

WASHINGTON — President Ronald Reagan has been asked by Treasury Secretary Donald T. Regan to resolve a dispute between Mr. Regan and Secretary of State George P. Shultz over how much money to give to an aid program for Third World nations.

As chairman of the senior international committee on international economic affairs, Mr. Regan recommended to the president last week that the U.S. contribution to the International Development Association be limited to \$750 million annually. Mr. Shultz urged that it be raised to \$950 million.

The United States supplies about 25 percent of the IDA's funds. The smaller U.S. contribution would

StatOil Approves Plans For North Sea Pipeline

Reuters

OSLO — The Norwegian state oil company, StatOil, has approved plans for a 2.26-billion-kroner (\$300-million) pipeline transporting oil from two fields in the North Sea.

Norsk Hydro, which is partly controlled by the state, will be jointly responsible for the project, to be completed by 1989. StatOil announced Tuesday the new pipeline, from the Gullfaks and Oseberg fields, will bring oil to Mongstad, north of Bergen, which will become one of Europe's leading oil terminals, a StatOil spokesman. Similar notes have been promised

The IDA is part of the World Bank group. It makes grants to poor countries for a 40-year period at no interest, with only a small service charge. Treasury officials, mindful of the recent congressional struggle over increased funds for the International Monetary Fund, have been hesitant to ask for more for the IDA.

The members of the European Community have called on the United States to agree to a \$1-billion annual share for the IDA, which would make a \$12-billion program possible over the next three years.

West German Embassy officials confirmed that a plea to that effect was delivered last week in a personal letter from Chancellor Helmut Kohl to President Ronald Reagan. Similar notes have been promised

by Prime Minister Margaret Thatcher of Britain and President François Mitterrand of France.

The EC petition for a larger IDA program was delivered Monday to the deputy secretary of state, Kenneth W. Dam, by the ambassador of Greece, George Papoulias, on behalf of the European Communities.

The document argued that a program of only \$9 billion, keyed to a U.S. contribution of \$750 million a year, is "gravely inadequate."

In a statement concerning the changes, the trust and the museum will be among other things, require 14 of the 16 directors to approve any legal action taken against stockholders owning 5 percent or more of the shares. The two stockholders fitting that description are the trust, which Mr. Getty heads as sole trustee, and the museum. Holding a majority of the stock, they can change the bylaws without a formal shareholder vote under the laws of the state of Delaware, where Getty Oil is incorporated.

In a statement concerning the changes, the trust and the museum

Regan Says GNP Growing at 6.7%

Reuters

NEW YORK — U.S. Treasury Secretary Donald T. Regan said Wednesday he expected inflation-adjusted gross national product to grow at a 6.7 percent annual rate in the fourth quarter of 1983 and that 1984 will also show healthy growth.

Answering questions at the Women's Bond Club, Mr. Regan also said he wanted Marvin S. Feldstein to remain as chairman of the Council of Economic Advisors. Mr. Regan said Mr. Feldstein and he sometimes disagreed, but that this was healthy. They both agreed that the federal budget deficit was a matter of concern. "What I'm suggesting, though, is that it's not simple to say that deficits and only deficits are responsible for the high rates of interest in the United States," Mr. Regan said.

Monetary policy and inflationary fears also contribute to rate levels, he said.

Gordon Getty Amends Divided Firm's Bylaws

By Thomas C. Hayes
New York Times Service

LOS ANGELES — Gordon P. Getty has amended the bylaws of Getty Oil Co., apparently in an effort to halt the company's legal challenge to the sole voting authority over a family trust that controls 40.2 percent of Getty Oil's common shares.

Mr. Getty was joined in his action Tuesday by J. Paul Getty, his younger brother, as trustee and to have the Bank of America appointed as trustee.

The action was taken "without the knowledge of Gordon P. Getty," said the trust and the museum, adding that "Getty Oil has intentionally failed to honor the standstill agreement" of Oct. 19.

Last week Mr. Petersen rejected a request by Harold M. Williams, chairman of the museum, for a special directors' meeting to review the company's suit against Gordon Getty. The next board meeting is scheduled for the second week in January.

With that schedule, it is unclear whether Mr. Williams will continue to press for a special meeting. Such a meeting may be called, however, since such a bylaw change would enable any three directors to call one. In addition to Mr. Williams, Gordon Getty has three other allies among the company's 16 directors.

Getty's management said Tuesday that it considered the Oct. 19 agreement to be still in effect.

In a letter written by outside lawyers and released to reporters by the company, Getty Oil maintained that Gordon Getty and Mr. Williams were aware as early as last September of the intent of Paul Getty and the company to challenge Gordon Getty's status as sole trustee of the trust.

A company spokesman, Jack Leone, said that the Oct. 19 agreement, among other things, prohibited Gordon Getty and Mr. Williams from acting together to control corporate policy.

The letter prepared by the company's outside lawyers said that Gordon Getty had made several attempts between July and October to gain control of the company and out Mr. Petersen.

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THE NIKKO PERSPECTIVE

ON HOW

The Japanese Financial System is Changing

Michiya Matsukawa, former Vice-Minister of Finance for International Affairs and present Chairman of the Institute, The Nikko Research Center, Ltd. provides a perspective on changes taking place in Japan's financial system.

RECENTLY there has been criticism from both within Japan and abroad that the Japanese financial system has not adapted to suit the current social and economic environment. What is your personal viewpoint?

Matsukawa: My own analysis of the situation starts from the pace of economic change in Japan. Overall economic development has been extremely rapid in the period since the end of the Pacific War, implying that most sectors of the economy have responded reasonably well to economic growth and the changing international environment. Unfortunately the financial services industry has been one of the slowest.

There are several reasons why the financial structure has fossilized and become dated—reasons that have close parallels in other industrialized nations. The first has been an overwhelming concern by investors with safety of principal with little regard for reasonable returns. This encourages perpetuation of the status quo and the inefficiencies that go with it. A second reason has been the separation of the banking and securities businesses as modeled on the Glass-Steagall Act in the United States. This has perpetuated an artificial segmentation of the financial services industry. Those arguing to maintain the existing financial structure start from the basic tenet that the small must be protected, both the small savers and the small institutions that have traditionally served them.

But reality is making this policy increasingly untenable. Just looking briefly at the historical process, there have been several interesting trends. Before the war the postal savings system was there to serve those with small deposits and to ensure that they had liquidity. The rich, though small in number, speculated in the futures of silk and beans. Later on, these same investors moved into the stock market. Thus we saw the beginning of a healthy financial system that offered various combinations of risk and return.

The war turned back the evolutionary clock to a point where the predominant concern was security of principal and liquidity. But economic development accelerated, and the level of personal financial assets has grown to the point where, on a per capita basis, it is among the highest in the world. In the process, demand for liquidity declined, and the sensitivity of investors to yields rose. This trend has been very apparent since the late 1960s.

SO WHY hasn't the financial system responded to this trend? And are there any factors that are forcing it to respond?

Matsukawa: It has responded, but at a very slow pace. At each step of the way the grandfather clauses—whether implicit in the conventions of the financial system or explicit in legislation—have forestalled changes and perpetuated such aspects of the financial system as the structure of the banking system and the mechanism for determining interest rates. And the spectre of

past failures of financial institutions is all too fresh in the minds of many, and all too conveniently used to argue against reform, since drastic changes could imply potentially disruptive forces.

But right now the pressures for change are strong. I have already mentioned the growing volume of household financial assets and their search for higher yields. At present these assets total ¥430 trillion. A related pressure has been the sizable volume of national government bonds outstanding—currently ¥100 trillion—and their weakness in the secondary market. A third important trend has been the internationalization of funds flows since the 1950s. This particular trend is forcing Japan to discard its unique system of accounting and other financial conventions.

ONE LINE of argument states that the monetary authorities are the brake that has slowed down changes in the financial system. With your experience in both the public and private sectors, what is your analysis of this argument?

Matsukawa: It is easy to place the blame on government, but I don't think it is appropriate in this case. There are no legal barriers to the type of changes for which I and many others are calling. The barriers are the strictures of past convention, whether it is the determination of interest rates, the composition of the syndicate for underwriting government bonds, access to membership in the stock exchange, the ability to acquire other financial institutions or the opportunity to move into the trust business.

Just to comment further on a couple of these issues, take the call for interest rate liberalization. The only legal restriction is the upper rate that can be offered on deposits; yet monetary authorities find themselves in a position of having to mediate among various types of financial institutions with conflicting interests in order to keep an eye on the health of the whole financial system and, at the same time, to encourage change. Thus the possibility of absurd situations, such as when the yields on government bonds have been higher than those on corporate bonds.

Another area is the trust business, which has been legally separated from banking operations. With pension fund assets growing at roughly 20 percent a year, many financial institutions have been anxious to join the trust banks and life insurance companies in managing these assets. Recently when a foreign bank sought a license for these activities, there was strong protest from the Japanese commercial banks, since they felt they had been waiting in line for years for the same privilege.

ADMITTEDLY the process of achieving a consensus is long and involved in any country, but what course do you expect this process to take in Japan?

Matsukawa: I think the course of change has been quite transparent. The easiest changes are made in those areas where there are no serious conflicts of interest. A good example is the development of a money market with the bond repurchase agreements, certificates of deposit and other instruments in what I think can be called a relatively short period of time, although I am sure many of my



friends in the international banking community were hoping it would even be shorter. And I am sure we will see progress on such issues as the bidding system on treasury bills and bankers acceptances.

THERE has been serious discussion recently of setting up an offshore market in Tokyo. What is your opinion?

Matsukawa: Basically I am reluctant, but for reasons that differ from those officials in the Bank of Japan who see an environment in which it would be harder to control the money supply or those in the Ministry of Finance who are worried about tax evasion. Very simply I believe that isolating the domestic market from an offshore banking center would further retard the pace of change in the Japanese financial system and even work to fossilize the current structure. It should definitely not be a top priority.

WHAT then are the top priorities in your own agenda for reform of the financial system?

Matsukawa: The top priorities are the liberalization of interest rates—freeing them from the traditional hierarchy of fixed relationships—and the development of new financial products. For a securities firm such as Nikko this means competing in segments traditionally considered the domain of the banks. I would also like to see the trust business opened up to more participants. In the banking area I think the banks should be allowed more tax-exempt reserves to reflect the increasing risks that they are incurring in international lending.

FINALLY could you comment on the impact of foreign exchange markets on the management of the domestic financial system?

Matsukawa: The issue of domestic interest rates as it relates to movements of the yen is an extremely complex one. Until two or three years ago, the movements of the yen closely followed changes in economic fundamentals. Then, with the increasing liberalization of capital flows into and out of Japan, interest rate differentials and the resulting arbitrage activities have had a growing impact on exchange rates. But most recently, currency futures markets such as the International Money Market have added a new dimension to the foreign exchange market. Thus, apart from the settlements for goods and services or the transactions of the arbitrageur that involve the flow of funds across national boundaries, purely speculative money games and the expectations of investors are determining short-term directions in foreign exchange markets. It is just like the speculation in such commodities as silk and beans that I mentioned earlier: no one really intends to take delivery.

Needless to say, such a market defies government intervention. In fact, attempts at intervention can have an adverse psychological impact on the market. That is one reason why I have been against the proposed issuance of bonds in the United States by the Japanese government. You can't make water flow uphill, and it is just as hard to stem the flow of capital out of a country with high savings.

Therefore I believe that a move in the direction of further liberalization is desirable because it makes foreign exchange trends more predictable and thus exchange rates less volatile.

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Grains

U.S. Futures Prices

Dec. 7

Open High Low Close Chg.

Food

Open High Low Close Chg.

Financial

Open High Low Close Chg.

Industrial

Open High Low Close Chg.

Metals

Open High Low Close Chg.

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London Metals

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Cash Prices

Dec. 7

Commodity and Unit

Wednesday

Year Ago

Commodity and Unit

Wednesday

SPORTS

U.S. Olympic Hockey Team: Loose, Talented

By Neil Amdur
New York Times Service

BLOOMINGTON, Minnesota — Lou Vairo's subject of the moment was positioning around the net. As usual, Vairo was animated and lively, even on the ice.

"Countryside yourself and sneak around and position yourself," the Brooklyn-born head coach of the U.S. Olympic hockey team told his 24 players, as if he were outlining a commando raid on a jungle outpost.

Picking up on Vairo's vivid dialogue, Phil Verchota, the 26-year-old captain and one of the two returning members from the 1980 gold-medal team, then teasingly tipped around the net.

The ability to improvise, on and off the ice, is only one of the qualities that has transformed Team USA from a diverse band of free-wheeling individuals to a swift, smooth-functioning unit capable of outskating professional teams.

The Colorado Flames, who lead the Continental Hockey League, rallied to beat Team USA, 4-2, last Tuesday night, but only one opponent has managed as many as 7 goals in a single game. The team's record is 26 victories, 12 losses and 7 ties.

Friday night in Lake Placid, New York, the Americans will find out how far along they are on the road to the Winter Olympics when they begin a six-game series against an all-star squad from the Soviet Union. It will not be the Soviet Olympic team, but as Vairo, a longtime observer of Soviet hockey, noted: "We know the Soviet B team is as good as the Czech A team."

No U.S. hockey team has been more scrutinized for its skating, but this squad also knows when and how to loosen up. Inside the dressing room at the Met Center here hangs a sign: "Put Up Or Shut Up."

Players remember the day Vairo brought the sign to practice and sermonized about negative grumbling and positive thinking. The following day, the sign was taped to the wall of the dressing room, but someone had added the words "Or Don't."

Reliving the tension and tedium that understandably develop during a 65-game schedule in 44 cities requires original thinking. After arriving at Denver's Stapleton International Airport for their fifth game in eight nights in late October, the players were greeted by the public-address system paging "Hobey Baker" for a message. That is the team's nickname for Mark Fusco, who at Harvard last year won the Hobey Baker Memorial

chairman of the U.S. Olympic hockey committee, is \$1.3 million; in 1980, that budget ran between \$800,000 and \$900,000.

But numbers aside, substance, style and spirit abound on the squad. Four players are taping and writing daily recollections of their six-month experience including Ed Olczyk, a remarkably poised and gifted 17-year-old.

In airports or hotels, almost as many team members reach for the business section of newspapers as the sports section.

"Even that works out well," said Bob Brooke, a Yale graduate in economics who is one of three Ivy Leaguers on the team. "One of our greatest assets is the balance of character, the different ages and educational backgrounds, the different geographical backgrounds. That comes together to form a wider perspective."

Vairo says that talent overshadowed all other factors in the final squad selection in July. But the balance between players in their teens and 20s, between east and west and between personalities has a rare mix-and-match quality.

There are two David Jenses; unrelated and differentiated by middle initials (A. and D.); there is a brother combination, the Fuscos from Burlington, Massachusetts, and there are two distinctly different goalies.

Bob Mason is an intense stand-up stylist and Marc Belstrand is more low-key, a player whom Vairo labels a buttermilk for his sprawling saves.

It's such a grind year," LaFontaine said over breakfast recently.

"That's what it's important to have fun."

This team does, without losing sight of its objective. Steve Griffith has his own formula — loon calls and imitations of police-car sirens — for dull practice patches. "He does an incredible loon," says Corey Miller.

The 22-year-old Griffith, who was not even among the original 80 invitees to last summer's National Sports Festival, where the squad was selected, is also credited with tagging the trio of LaFontaine, Olczyk and David A. Jensen, 18, as The Diaper Line.

Award as the country's top collegiate player.

No one could figure out who planted the announcement or how, but "it loosened everybody up," Brooke recalled.

Even Pat LaFontaine, the team's leading scorer, who is nicknamed Franny (for *The Franchise*), was a target in the team dining room after missing the flight to Chicago for a game against Team Canada last Thursday.

"Hey, Franny, did you get your own charter?" someone chided the 18-year-old LaFontaine, who was the New York Islanders' top pick, and the third over all, in the 1983 amateur draft.

"It's demonstrated great character. They bend, but they don't break. Every adverse situation we've been in, we've responded in a positive fashion."

But can they win?

Some skeptics feel the squad is too young, fast enough but not physical enough, aggressive but short on defensive discipline and specialty skills. Counters LaFontaine: "We played the game teams."

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Then again, Griffith is not a goalie who has to face Jensen's speedy moves or Olczyk's slapshot, which Brooks describes as "unbelievable — an NHL shot."

"This team does have character," says Vairo, whose style is more personal than the more aloof approach used by Herb Brooks, the 1980 U.S. coach.

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Typically, the players see the 1980 gold medal as more of a blessing than a burden. They prefer visibility over the anonymity that the 1980 squad endured before Lake Placid, and they are not envious when youngsters wander through hotel lobbies wearing red, white and blue USA hockey shirts with Jim Craig's Olympic number.

"We're trying to downplay the '80 team in our minds," said Paul Guay.

"We're proud of what they did, but we have to play our game. It's

like taking a test. You say, 'Oh my God, I have to do well.' So then you put down the wrong answers because you're not thinking. We have to do what we can do well."

What this team does well is skate and compete. Last Thursday in Battle Creek, Michigan, the Americans fell behind, 4-1, to Team Canada, rallied to within a goal, 5-4, in the closing minute but lost, 6-4. The United States will open against Canada on Feb. 7 in Sarajevo; the Americans are 3-4-3 in their 15-game series against the Canadians.

Against National Hockey League teams, they are 3-3-1.

"We're not a team that quits — so far," Vairo said. "We're a team that battles every minute. That shows me something. We don't have guys who give up, and I really respect that. I think that's a big, important quality the '80 team had. They didn't have quitters. You had to beat them; they wouldn't lose. I think our team is going to be similar in that mentality."

The biggest difference is personnel differences, Verchota observed, of the two teams. "We're developing 34 new faces. Any time you have 24 new faces, you have to mesh into one unit, which we did quite well in '79 and '80. Only those seven now will tell how well."

It is a team willing to work, even when Tom Hirsch is tossing spaghetti on Gary Haight's back during dinner and telling his teammate, "Hey, you got noodies coming out of your ears."

"We're a bunch of loose geese, and I'm surprised at that," says Olczyk, who plays like a future Phil Esposito and who could be the No. 1 player in the next amateur draft. "I thought maybe the view of it would be 'Gee, we're representing the United States, we can't do anything wrong.' But when it comes to skating, we're serious, and that's no joke."

NHL Scoring Leaders

	G	A	Pts
Kurti, Edm	30	30	60
Kurti, Edm	26	30	56
P. Stastny, Que	14	35	49
Trifunovic, Cal	14	35	49
Miller, LA	14	24	42
Peterson, Bos	13	26	41
Boscman, Wisc	16	24	40
Dionne, Wisc	11	29	40
Hunter, Cal	17	22	39
Trifunovic, Cal	21	17	38
Goulet, Que	16	22	38
Fedoruk, Stl	15	23	38
Tanti, Van	22	16	38
Verchota, Minn	16	22	38
McKenzie, Minn	9	27	24
Slusher, LA	17	19	26
Cicerelli, Minn	26	15	25
Coffey, Edm	13	22	25
McCarthy, Minn	17	18	25
Risto, Van	22	15	25

The New York Times/Marc

U.S. team members skating wind sprints after a practice.

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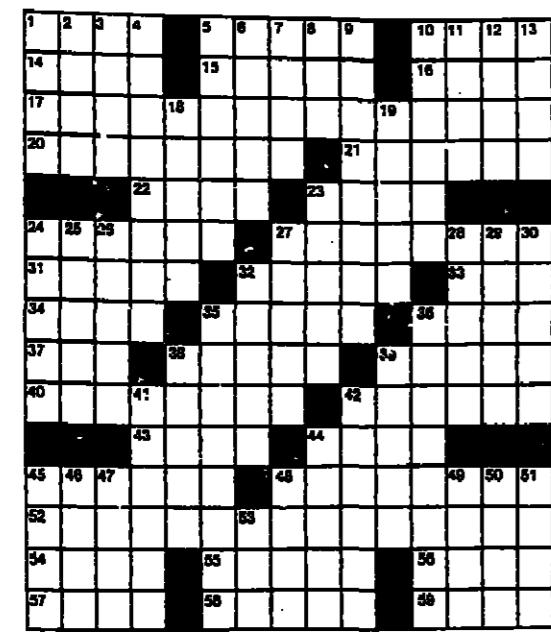
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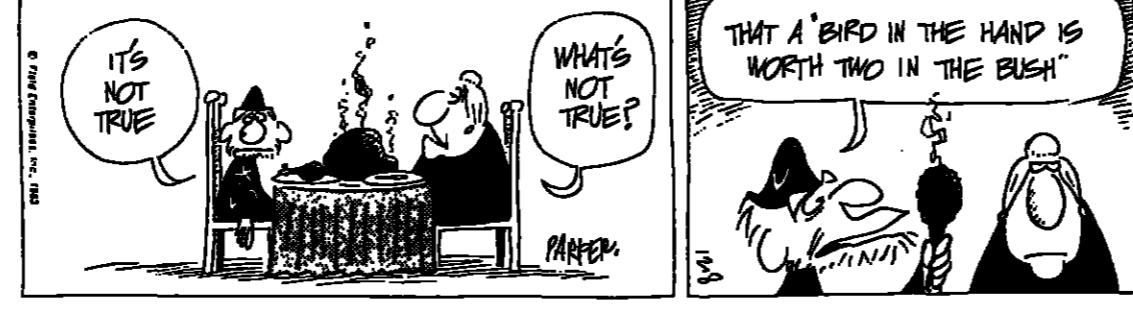
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WIZARD of ID



REX MORGAN



GARFIELD



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DENNIS THE MENACE



THIS IS WORTH FIFTY CENTS OFF ON A JAR OF PEANUT BUTTER AND YOU CALL IT JUNK MAIL?

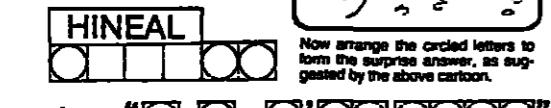
JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

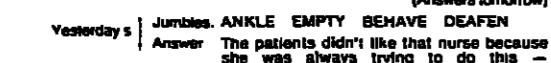
TUBOAA



NIDEK



DOBOLY



HINEAL



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: **4** **5** **6** **7** **8** **9** **10** **11** **12** **13** **14** **15** **16** **17** **18** **19** **20** **21** **22** **23** **24** **25** **26** **27** **28** **29** **30** **31** **32** **33** **34** **35** **36** **37** **38** **39** **40** **41** **42** **43** **44** **45** **46** **47** **48** **49** **50** **51** **52** **53** **54** **55** **56** **57** **58** **59** **60** **61** **62** **63** **64** **65** **66** **67** **68** **69** **70** **71** **72** **73** **74** **75** **76** **77** **78** **79** **80** **81** **82** **83** **84** **85** **86** **87** **88** **89** **90** **91** **92** **93** **94** **95** **96** **97** **98** **99** **100** **101** **102** **103** **104** **105** **106** **107** **108** **109** **110** **111** **112** **113** **114** **115** **116** **117** **118** **119** **120** **121** **122** **123** **124** **125** **126** **127** **128** **129** **130** **131** **132** **133** **134** **135** **136** **137** **138** **139** 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